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55th

Report

LIQUOR CONTROL BOARD OF ONTARIO

APRIL 1, 1980
to MARCH 31, 1981



Ontario

55th Report

LIQUOR CONTROL BOARD OF ONTARIO

APRIL 1, 1980
to MARCH 31, 1981

Formed in 1927, the Liquor Control Board of Ontario was incorporated as a Crown Corporation under The Liquor Control Act, 1975. The Board regulates the sale and transportation of liquor throughout the province and establishes stores for the sale of liquor to the public. Also, it purchases products for sale to the public and maintains quality control over those products.

Liquor Control Board of Ontario
55 Lake Shore Boulevard East
Toronto, Ontario
M5E 1A4



Highlights

	1981	1980	1979
	((\$000))	((\$000))	((\$000))
Sales.....	\$1,182,784	\$1,079,746	\$990,460
Increase in %/ previous year.....	9.5%	9.0%	6.8%
	((\$000))	((\$000))	((\$000))
Operating expenses	\$128,411	\$117,575	\$107,254
% of expenses/sales	10.9%	10.9%	10.8%
	((\$000))	((\$000))	((\$000))
Net income	\$443,383	\$407,587	\$361,429
% of net income/sales.....	37.5%	37.7%	36.5%
Self-serve stores in operation	443	419	393
Total stores in operation	592	591	589
Number of permanent employees	3,544	3,598	3,593
Number of regular products listed	2,163	2,184	2,125

Liquor Control Board of Ontario

55 Lake Shore Boulevard East
Toronto, Ontario M5E 1A4
August 4, 1981

The Honourable John Black Aird, O.C., Q.C., B.A., LL.D.
The Lieutenant Governor of Ontario
Legislative Building
Queen's Park
Toronto, Ontario M7A 1A1

May It Please Your Honour,

In accordance with Section 7 of The Liquor Control Act, 1975, I have the honour to submit herewith the 55th Report and Financial Statements of the Liquor Control Board of Ontario for the fiscal year ended March 31, 1981, as well as the report of the Provincial Auditor.

The Report outlines the results and activities of the Board during the year under review as the Board continued at all times to discharge its responsibilities for the control and distribution of the products of distilleries, wineries and breweries in Ontario. Forty-three countries, including Canada, were represented by the Board's listing of 2,163 spirits, wines and beers, to provide a varied product selection throughout the province.

Although sales through Board stores of \$1.18 billion increased 9.5% over the previous year, actual sales volume (gallons) increased only 2.5%. L.C.B.O. profits are the sixth largest single source of revenue for the province and represent approximately three percent of total provincial revenue. Profits paid to the Treasurer of Ontario by the Board increased from \$400 million to \$433 million. For the first time total federal and provincial government revenues from the sale of beverage alcohol in Ontario exceeded \$1 billion.

The Board's continuing review of administrative and operating costs has held such costs to an increase of 9.2% over the previous year. This increase is well below the rate of inflation and has been achieved without a decrease in the high level of customer service provided by the Board.

I would like to thank the dedicated employees of the Board. Their work and support played an important part in a successful operation during the past year. Special thanks are extended to my fellow Board Members, Mr. R. J. Harris, Vice Chairman, Mr. J. P. Holliday, Mr. J. L. Slade and Mr. J. M. Thompson.

I have the honour to be, Sir,

Your Obedient Servant,

William J. Bosworth,
Chairman

Sales

Total sales of spirits, wine and beer by Board stores during the fiscal year ended March 31, 1981, were \$1,182,784,469. Of this total \$175,309,374 consisted of sales to licensed establishments and \$1,007,475,095 was sold for home consumption. Sales of Canadian wine made directly to customers by licensed retail wine stores and wineries in Ontario amounted to \$24,341,521. The net value of beer sold in Ontario by breweries and brewers' retail outlets, exclusive of the cost of containers, totalled \$697,438,210.

The following table shows increases (decreases) in sales for the fiscal year under review as compared with the previous year's totals:

Sales by Value

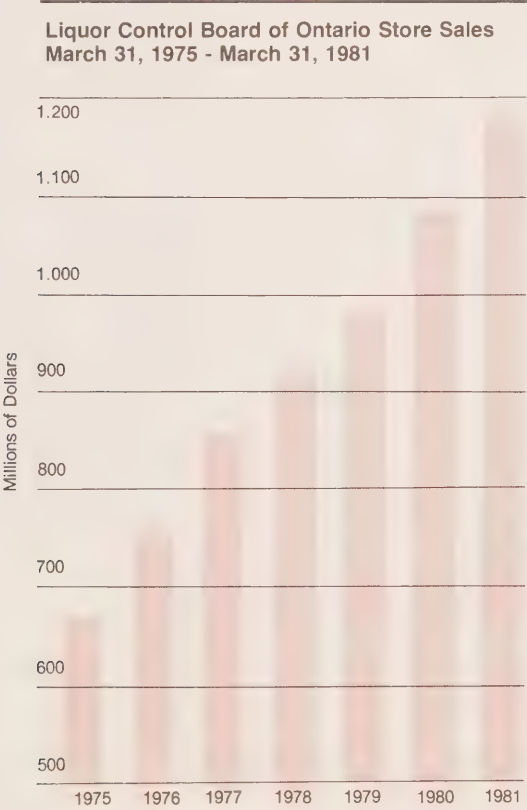
	Fiscal Year Ended March 31, 1981	Fiscal Year Ended March 31, 1980	Increase (Decrease)
Sales by Board Stores			
Canadian Spirits	\$ 658,240,827	\$ 624,084,217	\$ 34,156,610
Imported Spirits	179,669,936	164,446,646	15,223,290
*Canadian Wines	111,901,631	91,932,666	19,968,965
Imported Wines	178,912,378	153,185,964	25,726,414
Canadian Beers	42,148,309	34,791,554	7,356,755
Imported Beers	11,991,388	11,304,616	606,772
Total Sales by Board Stores	\$1,182,784,469	\$1,079,745,663	\$103,038,806
Sales by Ontario Wineries and Winery Stores	\$ 24,341,521	\$ 20,918,133	\$ 3,423,388
Sales by Breweries and Brewers' Retail Stores (exclusive of container value)	\$ 697,438,210	\$ 560,543,160	\$136,895,050

*Includes Ontario wine sales of \$100,396,583 during fiscal year ended March 31, 1981 compared with \$86,441,897 during previous year.

Sales by Gallons

	Fiscal Year Ended March 31, 1981	Fiscal Year Ended March 31, 1980	Increase (Decrease)
Sales by Board Stores			
Canadian Spirits	13,291,360	13,424,903	(133,543)
Imported Spirits	2,829,270	2,808,361	20,909
*Canadian Wines	6,797,181	6,543,288	253,893
Imported Wines	7,392,657	7,181,779	210,878
Canadian Beers	8,022,280	7,399,235	623,045
Imported Beers	1,068,352	1,060,733	7,619
Total Sales by Board Stores	39,401,100	38,418,299	982,801
Sales by Ontario Wineries and Winery Stores			
	1,534,884	1,528,737	6,147
Sales by Breweries and Brewers' Retail Stores			
	158,220,854	154,833,954	3,386,900

*Includes Ontario wine sales of 6,028,138 gallons during fiscal year ended March 31, 1981 compared with 6,139,134 gallons during previous fiscal year.



Revenue Payments

Levies on beverage alcohol sold in the province during the year contributed a total of \$1,001,817,763 to the Treasurer of Ontario and the Government of Canada. This amount does not include corporation, realty and business taxes paid by the distilleries, wineries, breweries and licence holders. Ontario retail sales tax collected by licence holders and agency stores on sales of beverage alcohol is also excluded from these figures.

Of these payments, \$433 million was remitted to the Treasurer of Ontario on account of Board profits, representing some three percent of the Province's 1980-81 revenue. In addition, the Board paid \$2,423,902 to Ontario municipalities as grants in lieu of realty and business taxes.

A summary of the aforementioned revenue payments is as follows:

Treasurer of Ontario

Remitted by the Board —		
on account of profits	\$433,000,000	
Ontario Retail Sales Tax on		
sales through liquor stores	99,374,375	
	<u>532,374,375</u>	
Remitted by others —		
Ontario Retail Sales Tax on sales through		
retail wine stores and brewers'		
retail stores	54,417,180	\$586,791,555

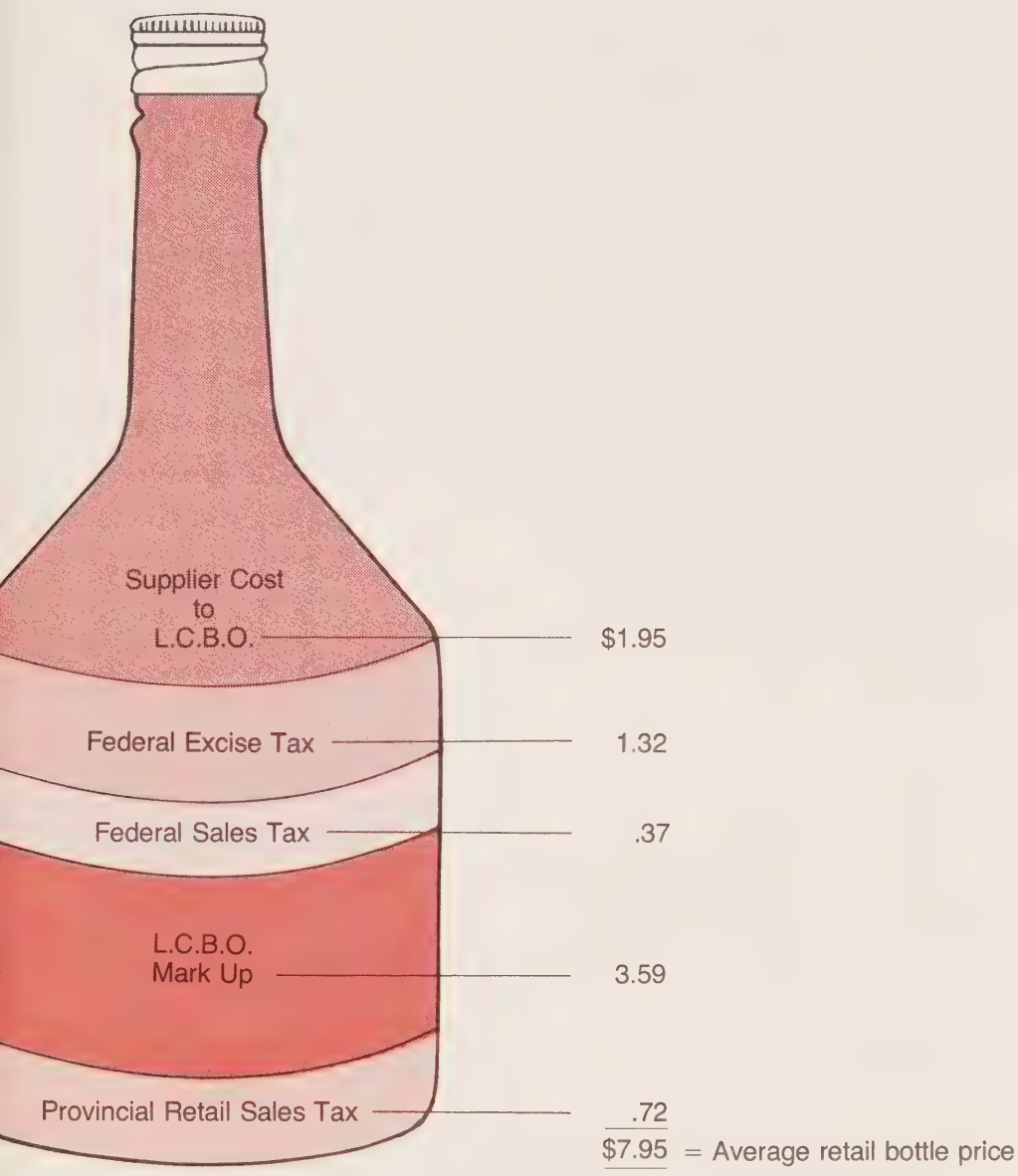
Government of Canada

Paid by the Board —		
Customs and Excise Duties	209,593,530	
Federal Sales Tax on spirits, wines		
and imported beers	59,524,498	
	<u>269,118,028</u>	
Paid by others —		
Malt duties and taxes on domestic beers		
and wines	145,908,180	415,026,028
		<u>\$1,001,817,763</u>

Ontario Municipalities

Paid by the Board —		
Grants in lieu of realty and business taxes		2,423,902
		<u>\$1,004,241,665</u>

**Breakdown of Average Retail Bottle Price for all
Spirits & Wines sold by the L.C.B.O. during the Year
Ended March 31, 1981**



Summary

Supplier	\$1.95
Federal Gov't.	1.69
Provincial Gov't.	4.31
	<u>\$7.95</u>

Financial Statements

LIQUOR CONTROL BOARD OF ONTARIO
(Incorporated under the Liquor Control Act, 1975)

Balance Sheet

March 31, 1981

	1981	1980
	\$	\$
ASSETS		
Current		
Accounts receivable, trade and others	1,939,155	2,099,479
Inventories, at cost	123,851,894	126,345,174
Prepaid expenses	515,696	585,070
	<u>126,306,745</u>	<u>129,029,723</u>
Fixed, at cost (note 1)	81,957,603	77,681,775
Less amounts written off	81,957,602	77,681,774
	<u>1</u>	<u>1</u>
	<u>126,306,746</u>	<u>129,029,724</u>
LIABILITIES		
Current		
Bank overdraft	1,472,342	690,436
Accounts payable and accrued liabilities	55,173,528	69,061,845
	<u>56,645,870</u>	<u>69,752,281</u>
Retained income	69,660,876	59,277,443
	<u>126,306,746</u>	<u>129,029,724</u>

See accompanying notes to financial statements.

Approved: W. J. BOSWORTH, F. A. MacINNIS,
Chairman General Manager

Audit Report

I have examined the balance sheet of the Liquor Control Board of Ontario as at March 31, 1981 and the statements of income and retained income for the year then ended. My examination was made in accordance with generally accepted auditing standards and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Board as at March 31, 1981 and the results of its operations for the year then ended in accordance with generally accepted accounting principles, as modified by Note 1 to the financial statements, applied on a basis consistent with that of the preceding year.

A report on the audit has been made to the Board and to the Minister.

Toronto, Ontario,
July 31, 1981

F. N. Scott, F.C.A.,
Provincial Auditor

Statement of Income

Year ended March 31, 1981

	1981	1980
	\$	\$
Sales	1,182,784,469	1,079,745,663
Cost of sales	616,263,246	558,979,387
Gross income	566,521,223	520,766,276
Operating expenses		
Salaries and employee benefits	94,234,966	86,841,292
Rent	10,957,204	9,396,326
Repairs and maintenance	2,897,493	2,877,811
Grants and lieu of taxes	2,423,902	2,477,626
Utilities	2,785,809	2,317,611
Packing material	1,662,244	1,591,184
Stationery	862,047	664,154
Travelling	468,825	527,599
Stock breakage and losses	1,327,405	1,226,761
Agency commissions and expenses	728,943	644,639
Armour car services	648,207	584,649
Security services	279,593	120,831
Equipment rental and supplies	721,902	485,665
Telephone and telegraph	454,196	384,124
Other	2,854,228	2,475,190
Fixed assets written off	5,104,082	4,960,034
	128,411,046	117,575,496
Operating income	438,110,177	403,190,780
Other revenue		
Special occasion permit purchase fees	3,885,190	2,765,498
Interest on bank balances	646,426	690,171
Miscellaneous income	741,640	940,584
	5,273,256	4,396,253
Net income for the year	443,383,433	407,587,033

See accompanying notes to financial statements.

Statement of Retained Income

Year ended March 31, 1981

	1981	1980
	\$	\$
Balance at beginning of year	59,277,443	51,690,410
Add:		
Net income for the year	443,383,433	407,587,033
	502,660,876	459,277,443
Deduct:		
Payments to the Treasurer of Ontario on account of net income	433,000,000	400,000,000
Balance at end of year	69,660,876	59,277,443

See accompanying notes to financial statements.

LIQUOR CONTROL BOARD OF ONTARIO

Notes to Financial Statements

March 31, 1981

1. FIXED ASSETS

Fixed assets are written off in the year of acquisition and are carried on the books at a nominal value of \$1.00.

The cost at year end of fixed assets, net of disposals, is as follows:

	1981	1980
	\$	\$
Land	11,255,906	10,987,331
Buildings	51,457,348	48,336,616
Furniture and equipment	9,753,095	9,234,616
Leasehold improvements	9,491,254	9,123,212
	81,957,603	77,681,775

2. COMMITMENTS

(a) Total commitments as of March 31, 1981 for lease of premises amount to \$48,400,000. Of this total \$8,800,000 becomes payable during the year ended March 31, 1982.

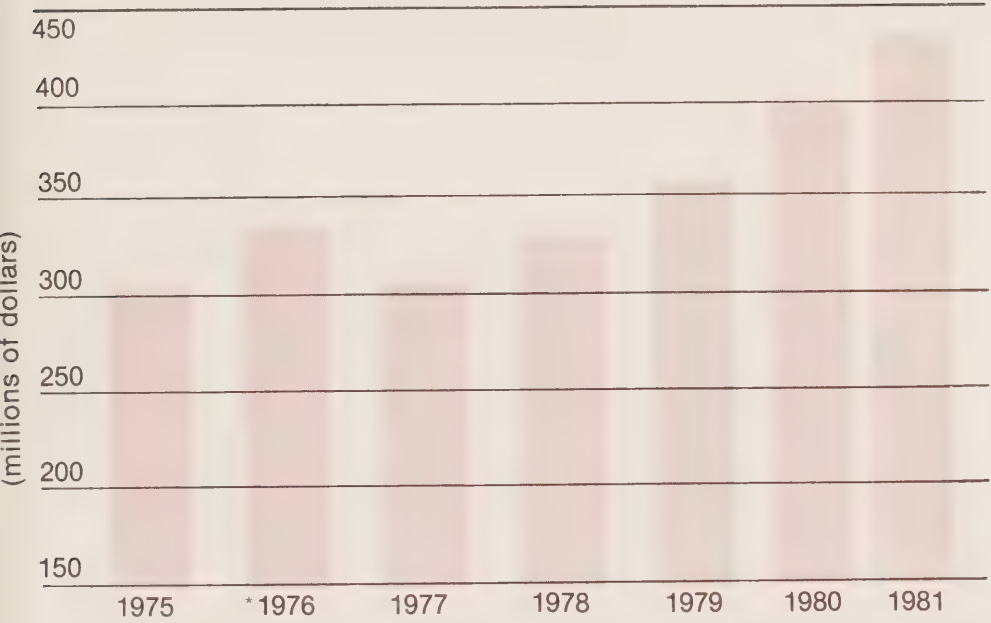
(b) The Board is building a new warehouse in Whitby, Ontario. The project completion date is March, 1984, at an estimated current cost of \$81,000,000.

3. COMPARATIVE FIGURES

Comparative figures have been reclassified where necessary to conform with 1981 presentation.

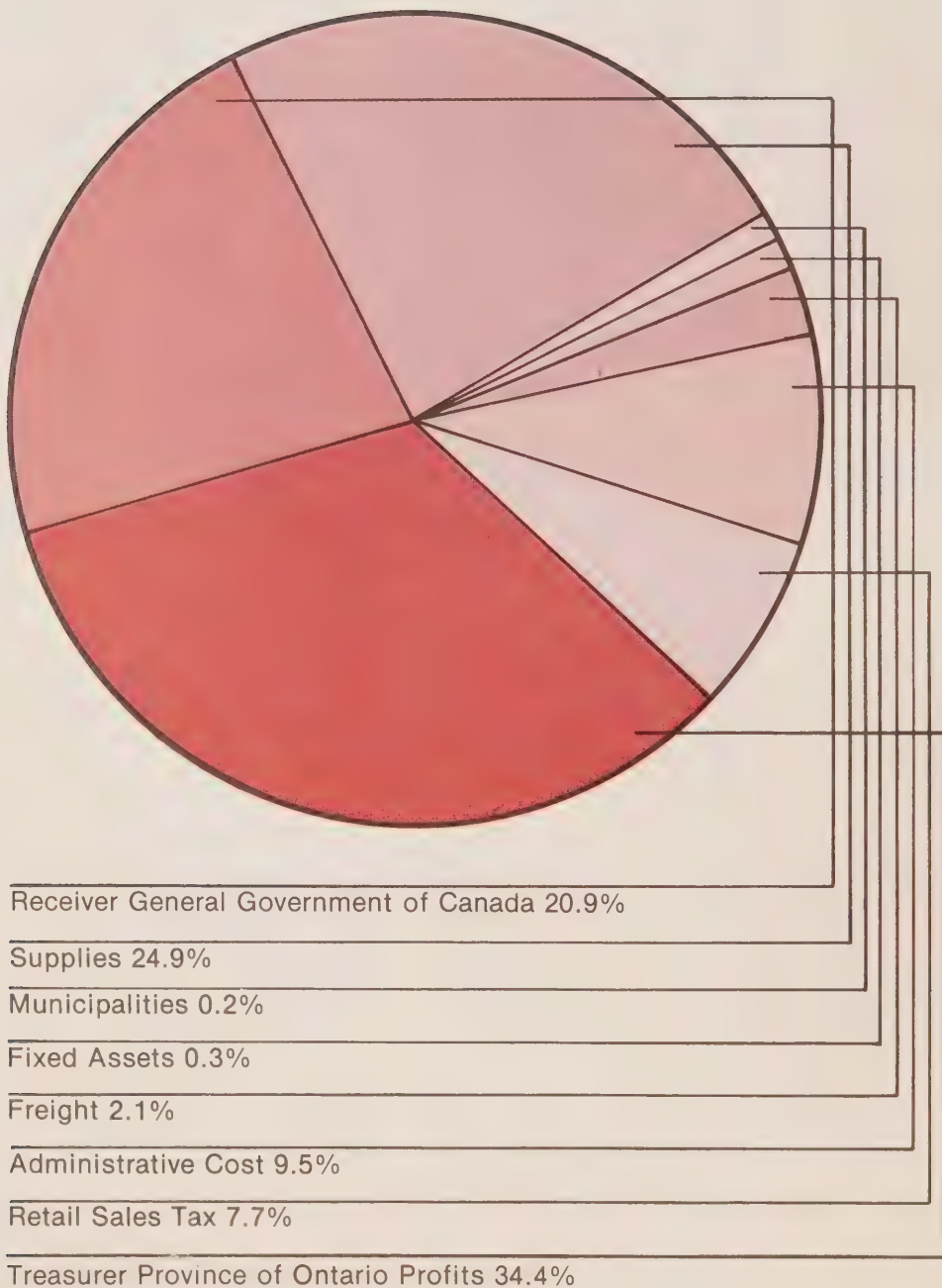
Net Profit Paid to the Treasurer of Ontario

March 31, 1975 — March 31, 1981



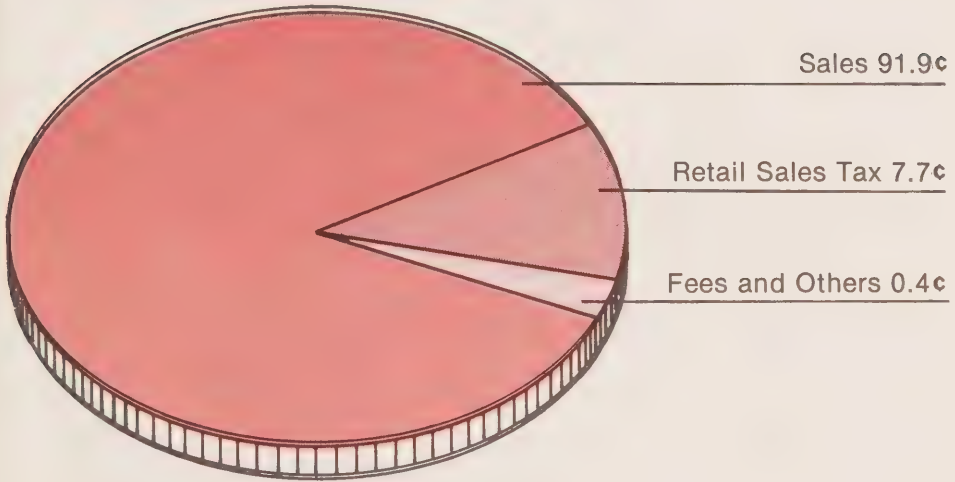
* Prior to January 2, 1976, the net profit of the L.C.B.O. included the financial results of the Liquor Licence Board of Ontario.

Liquor Control Board of Ontario Distribution of Gross Revenue 1980 — 1981

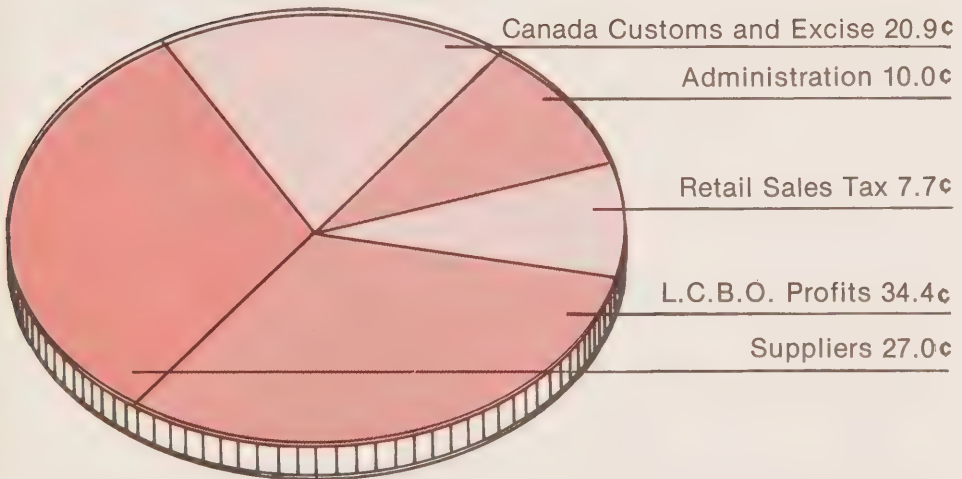


The L.C.B.O. Dollar 1980 — 1981

Where it comes from



How it is spent



Stores' Operations

Board Stores

The Board operated 592 stores during the year including the distribution depot in Toronto, two duty-free stores at the Toronto International Airport and two Rare Wines and Spirits outlets.

Five new self serve stores were opened at the following locations:

June	12, 1980	843 Red River Road, Thunder Bay P7B 1K2
July	3, 1980	P.O. Box 130, Wyoming, Reeces Corners N0N 1T0
November	1, 1980	Champlain St. C.P. 39, Bourget K0A 1E0
November	3, 1980	103 Pine St. South, P.O. Box 1650, Timmins P4N 5K1
January	24, 1981	1255 Commissioners Rd. W., Box 7, Terminal 'B', London N6K 1E1

The following nine stores were relocated and converted to self-serve operations during the year:

Store	From	To
27	685 Adelaide St. North	900 Oxford St. E., London N5Y 5A1
160	McKay Street	McKay Street, Cayuga N0A 1E0
181	221 Main St. South	249 James Street, Delhi N4B 2B2
201	136 Harwood Ave. South	74 Commercial St., Ajax L1S 2H4
204	251 Third Avenue	200 Front St., Hornepayne P0M 1Z0
205	Isla Street	155 Toronto St., Markdale N0C 1H0
351	Stewart Boulevard	125 Stewart Blvd., Brockville K6V 4W0
389	2421 Princess Street	280 Bath Road, Kingston K7M 4X3
395	R.R. #1, Walden	R.R. #1, Walden Plaza, Lively P0M 2E0

Other changes to store operations during the year included the converting of an additional 10 conventional Board stores to self-serve operations at their existing locations and the closing of four stores; Store #179 at 2028 Avenue Road, Toronto; Store #4 at 213 Danforth Avenue, Toronto; Store #411 at 34 Grenville Street, Toronto and Store #171 at 268 Hemlock Street, Sudbury. In keeping with the Board's policy of conversion to self-serve operations, there were 443 self-serve stores by March 31, 1981, representing 75 percent of the Board's total number of stores at fiscal year end.

Agency Stores

During the year, one new agency store was opened and two agency store licences were cancelled. In addition, five agency stores changed ownership. As at March 31, 1981 there were 67 agency stores in operation.

Breweries and Brewers' Retail Stores

There were 11 breweries located within the province, as well as two in Quebec and two in Manitoba that were licensed to sell beer in Ontario during the year.

Two new brewers' retail stores were opened at the following locations:

August	25, 1980	Forest Glen Shopping Centre, Kitchener
December	6, 1980	Brookdale Mall, Cornwall

The number of stores in operation as of March 31, 1981 was 440.

Sales by Breweries to Other Provinces and Countries (in gallons)

	<u>1981</u>	<u>1980</u>	<u>1979</u>	<u>1978</u>	<u>1977</u>
Sales to Other Provinces	407,444	350,064	367,761	162,872	134,536
Export Sales	<u>21,435,453</u>	<u>22,404,473</u>	<u>18,597,450</u>	<u>12,162,090</u>	<u>10,383,157</u>
	<u>21,842,897</u>	<u>22,754,537</u>	<u>18,965,211</u>	<u>12,324,962</u>	<u>10,517,693</u>

All brands of beer produced by the 13 breweries which are licensed to sell beer in Ontario were analysed periodically by the Board, as in previous years. This quality control process ensures that beer sold in the province conforms with the regulations passed pursuant to The Food and Drug Act of Canada, 1953, and the standards set by the Board.

Wineries and Winery Retail Stores

On October 7, 1980 Newark Wines Inc. was granted a winery licence which brought the number of wineries in operation as of March 31, 1981 to 11.

There was a net decrease of 5 winery retail stores during the year as a total of 118 wine stores (63 regular and 55 mini stores) were in operation throughout Ontario at March 31, 1981.

Sales by Wineries to Other Provinces and Countries (in gallons)

	1981	1980	1979	1978	1977
Sales to Other Provinces	2,005,301	2,360,801	2,698,785	2,591,790	3,124,471
Export Sales	122,225	42,049	76,221	70,244	22,995
	<u>2,127,526</u>	<u>2,402,850</u>	<u>2,775,006</u>	<u>2,662,034</u>	<u>3,147,466</u>

The tonnage of grapes and apples used by the various Ontario wineries over the past five years is as follows:

	1981	1980	1979	1978	1977
Grapes used in the manufacture of wine	40,241	43,011	44,470	34,269	42,850
Grapes used in the manufacture of concentrate	4,331	1,252	3,817	824	492
Apples used in the manufacture of cider	588	376	608	964	153
	<u>45,160</u>	<u>44,639</u>	<u>48,895</u>	<u>36,057</u>	<u>43,495</u>

Warehousing & Distribution

This area of the Board's operation continued to undergo changes in response to the need for adequate handling capacity and efficient distribution of our product. Additional space was leased at the Kipling Warehouse (Toronto) location which increased storage from 291,000 square feet to 419,000 square feet. This larger facility will meet the increase in shipping volume to stores serviced by Toronto and allow for future expansion of the current service area to other stores.

A significant step was taken to meet the Board's long term warehousing and distribution requirements with the decision to build a modern facility in the Regional Municipality of Durham. This structure is scheduled for completion in 1984 and will provide approximately 500,000 square feet of warehouse space. During the past year the planning and design stage of the project was undertaken with the building style, capacity and site layout receiving approval in principle. The building's unique design is one of an automated storage/retrieval system. Computer-controlled cranes will move stock in and out of the storage module, feeding stock to loading points for subsequent delivery by conveyor travellers. Site preparation is due to commence in August, 1981.

Products

An analysis of the products listed by the Board, which follows below, illustrates the wide selection available to the public in Ontario.

Of equal importance to the Board is the quality control exercised by the modern laboratory facilities located at the Toronto warehouse. Samples of all spirits, wines and beers sold in Ontario are analysed for compliance with Federal and Provincial regulations. In total, 5,612 samples were tested during the past year.

The Rare Wine & Spirits group of products are available at two locations: 2 Cooper Street, Toronto and 1980 Bank Street, Ottawa. These premium brands are available in limited quantities and enhance the brand selection offered to the public.

L.C.B.O. Product Listings as at March 31, 1981

<u>Domestic</u>		<u>Imported</u>	
Canadian Whisky	179	Whisky — Scotch	88
Canadian Blended Rums	111	— Irish	2
Canadian Gin	67	— Bourbon	5
Canadian Vodka	75	— Tennessee	1
Canadian Brandy	7	Gin	15
Canadian Blended Brandy	15	Rum	22
Alcohol	4	Vodka	3
Fruit Spirits	2	Tequila	6
Miscellaneous Liquors	4	Brandy	48
Canadian Liqueurs	112	Fruit Spirits	6
Ontario Wine	472	Miscellaneous Liquors	21
Other Canadian Wine	30	Liqueurs	74
Canadian Cider	10	Wine	713
Canadian Beer	16	Cider	5
Specialty Items	2	Beer & Sake	30
		Specialty Items	18
	<hr/> 1,106		<hr/> 1,057
Total Regular Listings		2,163	
Rare Wine & Spirits		380	
Total Product Listings		<hr/> 2,543	

Personnel

The number of Board members and permanent employees of the various departments of the Board as of March 31, 1981 is as follows:

Board Members	<u>5</u>
---------------	----------

Staff of Departments

Chairman's Office	1
General Manager	17
Accounting	57
Audit	50
Bottling	16
Building Maintenance	19
Data Processing	38
Distribution Analysis	5
Laboratory	10
Legal	2
Mail & Multigraph	7
Personnel	23
Planning	5
Public Administration	34
Properties Management	14
Purchasing	3
Records Management	6
Security Services	5
Stores	2,828
Store Operations	42
Warehouses	344
Warehouse Administration	<u>18</u>
	<u>3,544</u>

In addition, there were 1,714 temporary employees as of March 31, 1981 and of this total, 1,709 were employed in Board stores.

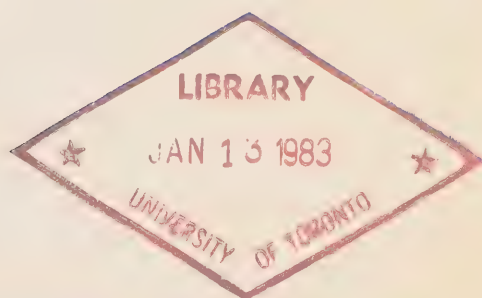
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56th

Report

LIQUOR CONTROL BOARD OF ONTARIO

APRIL 1, 1981
to MARCH 31, 1982



56th Report

LIQUOR CONTROL BOARD OF ONTARIO

APRIL 1, 1981
to MARCH 31, 1982

Formed in 1927, the Liquor Control Board of Ontario was incorporated as a Crown Corporation under The Liquor Control Act, 1975. The Board regulates the sale and transportation of liquor throughout the province and establishes stores for the sale of liquor to the public. Also, it purchases products for sale to the public and maintains quality control over those products.

Liquor Control Board of Ontario
55 Lake Shore Boulevard East
Toronto, Ontario
M5E 1A4



Highlights

	1982	1981	1980
	(\$000)	(\$000)	(\$000)
Sales	\$1,329,263	\$1,182,784	\$1,079,746
Increase in %/ previous year.....	12.4%	9.5%	9.0%
	(\$000)	(\$000)	(\$000)
Operating expenses	\$144,691	\$128,411	\$117,575
% of expenses/sales	10.9%	10.9%	10.9%
	(\$000)	(\$000)	(\$000)
Net income	\$507,764	\$443,383	\$407,587
% of net income/sales.....	38.2%	37.5%	37.7%
Self-serve stores in operation	460	443	419
Total stores in operation	591	592	591
Number of permanent employees	3,505	3,544	3,598
Number of regular products listed	2,107	2,103	2,124

Liquor Control Board of Ontario

55 Lake Shore Boulevard East,
Toronto, Ontario M5E 1A4
August 6, 1982

The Honourable John Black Aird, O.C., Q.C., B.A., LL.D.
The Lieutenant Governor of Ontario,
Queen's Park,
Toronto, Ontario M7A 1A1

May It Please Your Honour,

The 56th Report and Financial Statements of the Liquor Control Board of Ontario are submitted herewith pursuant to Section 7 of The Liquor Control Act, 1975, as well as the report of the Provincial Auditor.

This Report outlines the results and activities of the Board for the fiscal year ended March 31, 1982, specifically in relation to its responsibility for the control and distribution of distillery, winery and brewery products in Ontario.

Programs were continued during the past year in order to achieve more efficient and effective operations and better service to the consumers of Ontario.

Although sales through Board stores of \$1.3 billion increased 12.4% over the previous year, sales volume in gallons increased only 1%. Factors contributing to this sales increase in dollars included suppliers' price increases, Federal excise tax increases and mark-up increases in the 1981 Ontario Budget. As a result, profits paid to the Treasurer of Ontario exceeded \$500 million for the first time and at \$502 million were 15.9% greater than the previous year.

During these inflationary times, the need to constantly monitor administrative and operating costs continued to be a priority of the Board. Expenses were controlled and remained at 10.9% of sales.

I would like to recognise and acknowledge the loyalty and contribution made by the dedicated employees of the Board during the past year. Special thanks are extended to the full and part-time Members: R.J. Harris, Vice-Chairman, Hon. W.G. Newman, J.M. Thompson and F.H. Hooper.

I have the honour to be, Sir,

Your Obedient Servant,

William J. Bosworth,
Chairman

Sales

Total sales of spirits, wine and beer by Board stores during the fiscal year ended March 31, 1982, were \$1,329,263,205. Of this total \$175,309,374 or 14.7% consisted of sales to licensed establishments. Sales of Ontario Wine made directly to customers by licensed retail wine stores and wineries in Ontario amounted to \$27,787,165. The net value of beer sold in Ontario by breweries and brewers' retail outlets, exclusive of the cost of containers, totalled \$825,415,158.

The following table shows increases (decreases) in sales for the fiscal year under review as compared with the previous year's totals:

Sales by Value

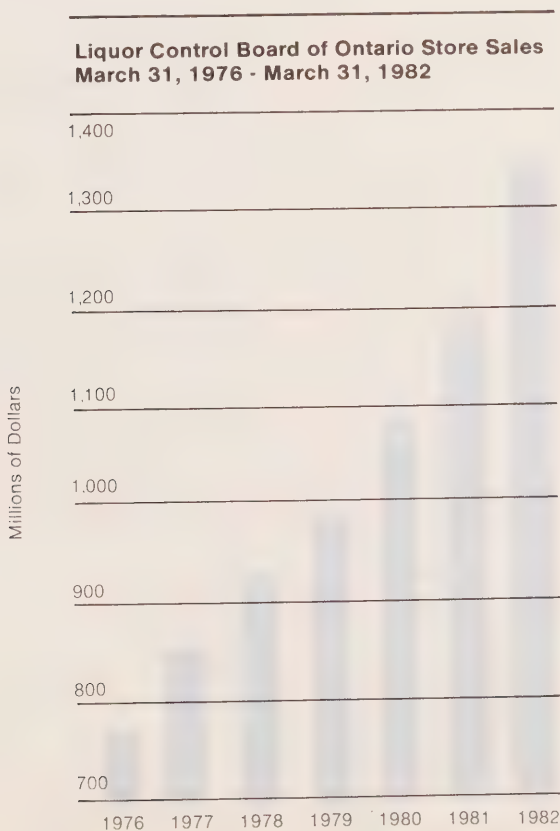
	Fiscal Year Ended March 31, 1982	Fiscal Year Ended March 31, 1981	Increase
Sales by Board Stores			
Canadian Spirits	\$731,626,636	\$658,240,827	\$ 73,385,809
Imported Spirits	205,151,445	179,669,936	25,481,509
*Canadian Wines	125,319,366	111,901,631	13,417,735
Imported Wines	198,092,798	178,912,378	19,180,420
Canadian Beers	56,411,580	42,148,309	14,263,271
Imported Beers	12,661,380	11,911,388	749,992
Total Sales by Board Stores	\$1,329,263,205	\$1,182,784,469	\$ 146,478,736
Sales by Ontario Wineries and Winery Stores	\$ 27,787,165	\$ 24,341,521	\$ 3,445,644
Sales by Breweries and Brewers' Retail Stores (exclusive of container value)	\$ 825,415,158	\$ 697,438,210	\$127,976,948

*Includes Ontario wine sales of \$114,451,752 during fiscal year ended March 31, 1982 compared with \$100,396,583 during previous year.

Sales by Gallons

	Fiscal Year Ended March 31, 1982	Fiscal Year Ended March 31, 1981	Increase (Decrease)
Sales by Board Stores			
Canadian Spirits	13,196,066	13,291,360	(95,294)
Imported Spirits	2,887,986	2,829,270	58,716
*Canadian Wines	6,994,354	6,797,181	197,173
Imported Wines	8,045,895	7,392,657	653,238
Canadian Beers	7,745,462	8,022,280	(276,818)
Imported Beers	1,049,930	1,068,352	(18,422)
Total Sales by Board Stores	39,919,693	39,401,100	518,593
Sales by Ontario Wineries and Winery Stores	1,608,429	1,534,884	73,545
Sales by Breweries and Brewers' Retail Stores	158,407,959	158,220,854	187,105

*Includes Ontario wine sales of 6,407,081 gallons during fiscal year ended March 31, 1982 compared with 6,028,138 gallons during previous fiscal year.



Revenue Payments

Levies on beverage alcohol sold in the province during the year contributed a total of \$1,130,687,764 to the Treasurer of Ontario and the Government of Canada. This amount does not include corporation, realty and business taxes paid by the distilleries, wineries, breweries and licence holders. Ontario retail sales tax collected by licence holders and agency stores on sales of beverage alcohol is also excluded from these figures.

Of these payments, \$502 million was remitted to the Treasurer of Ontario on account of Board profits, representing some three percent of the province's 1981-82 revenue. In addition, the Board paid \$2,959,404 to Ontario municipalities as grants in lieu of realty and business taxes.

A summary of the aforementioned revenue payments is as follows:

Treasurer of Ontario

Remitted by the Board — on account of profits	\$502,000,000	
Ontario Retail Sales Tax on sales through liquor stores	111,467,170	
	<u>613,467,170</u>	
Remitted by others — Retail Sales Tax on sales through retail wine stores and brewers' retail stores	63,488,944	\$ 676,956,114

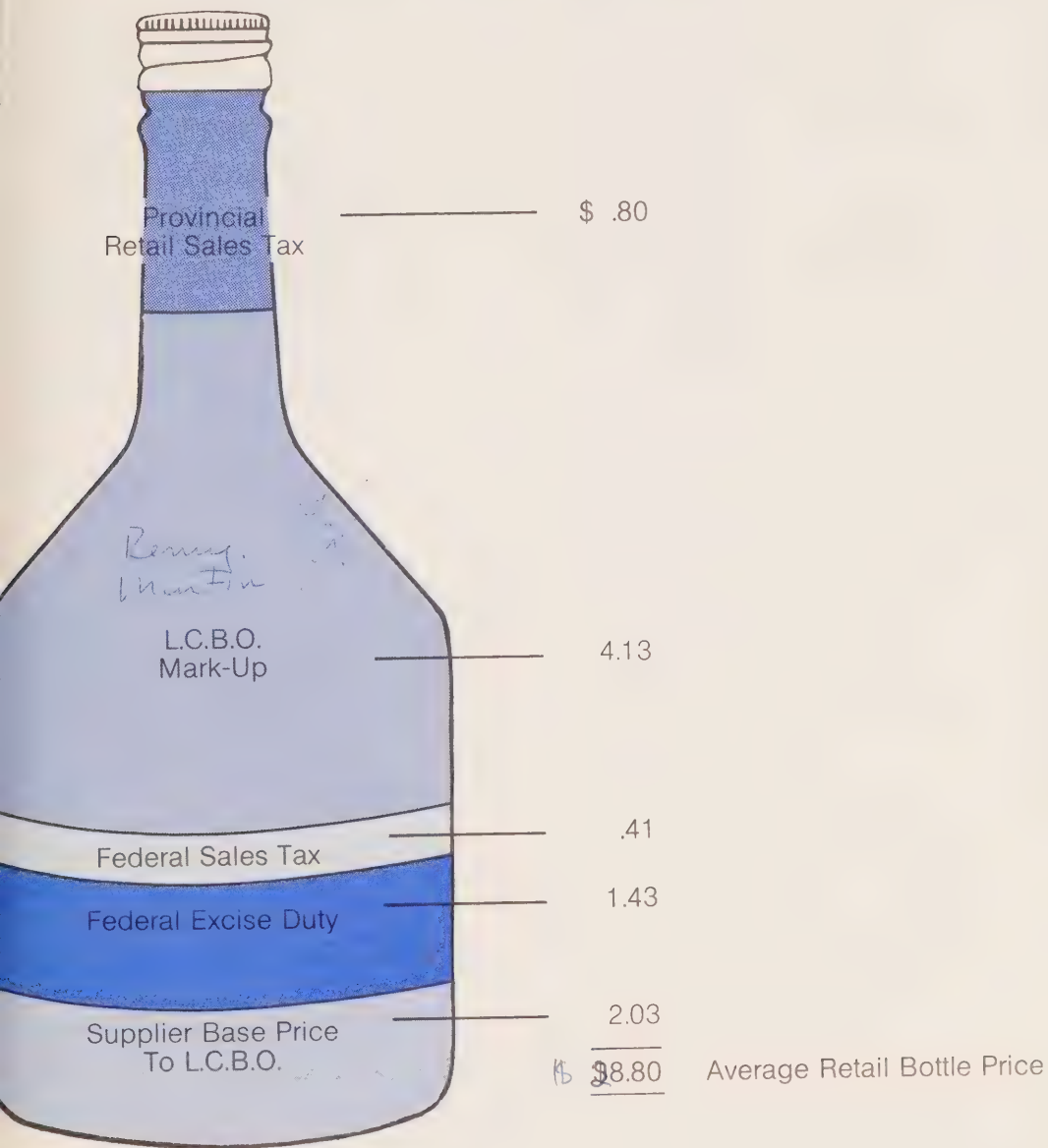
Government of Canada

Paid by the Board — Customs and Excise Duties	225,562,200	
Federal Sales Tax on spirits, wines and imported beers	65,037,862	
	<u>290,600,062</u>	
Paid by others — Malt duties and taxes on domestic beers and wines	163,131,588	453,731,650
		<u>1,130,687,764</u>

Ontario Municipalities

Paid by the Board — Grants in lieu of realty and business taxes		2,959,404
		<u>\$1,133,647,168</u>

Breakdown of Average Retail Bottle Price for all Spirits & Wine sold by the L.C.B.O. during the Year Ended March 31, 1982



Summary

Supplier	\$2.03 -	23.1%
Federal Gov't.	1.84 -	20.9%
Provincial Gov't.	4.93 -	56.0%
	<u>\$8.80</u>	

LIQUOR CONTROL BOARD OF ONTARIO

Statement of Retained Income

Year ended March 31, 1982

	1982	1981
	\$	\$
Balance, beginning of year	69,660,876	59,277,444
Add:		
Net income for the year	507,764,375	443,383,433
	577,425,251	502,660,876
Deduct:		
Payments to the Treasurer of Ontario on account of net income	502,000,000	433,000,000
Balance, end of year	75,425,251	69,660,876

See accompanying notes to financial statements.

LIQUOR CONTROL BOARD OF ONTARIO

Notes to Financial Statements

March 31, 1982

1. FIXED ASSETS

Fixed assets are written off in the year of acquisition and are carried on the books at a nominal value of \$1.00.

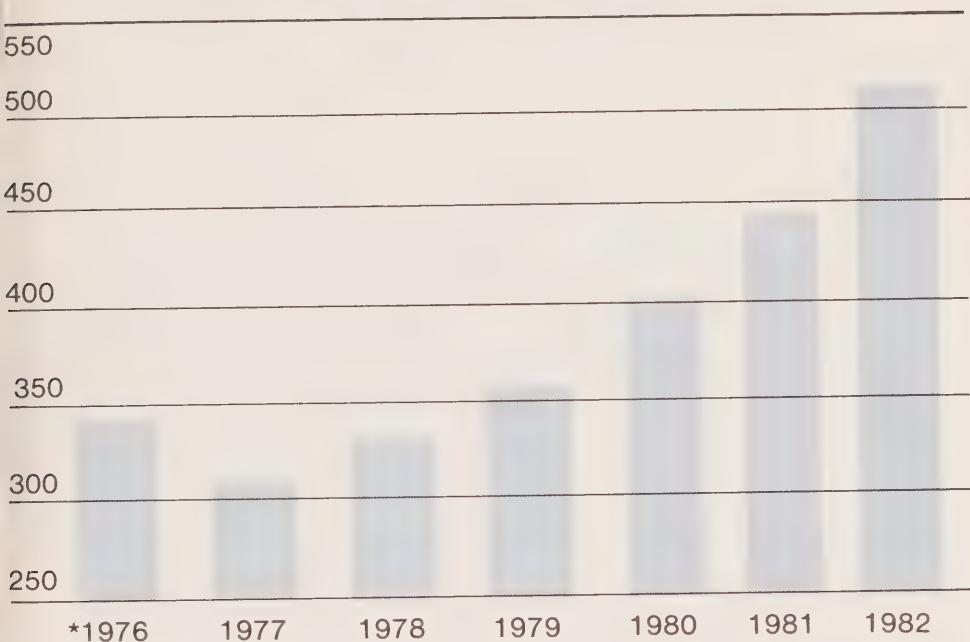
The cost at year end of fixed assets, net of disposals, is as follows:

	1982	1981
	\$	\$
Land (note 2b)	12,564,269	11,255,906
Buildings (note 2b)	56,967,862	51,457,348
Furniture and equipment	10,543,154	9,753,095
Leasehold improvements	10,083,900	9,491,254
	90,159,185	81,957,603

2. COMMITMENTS

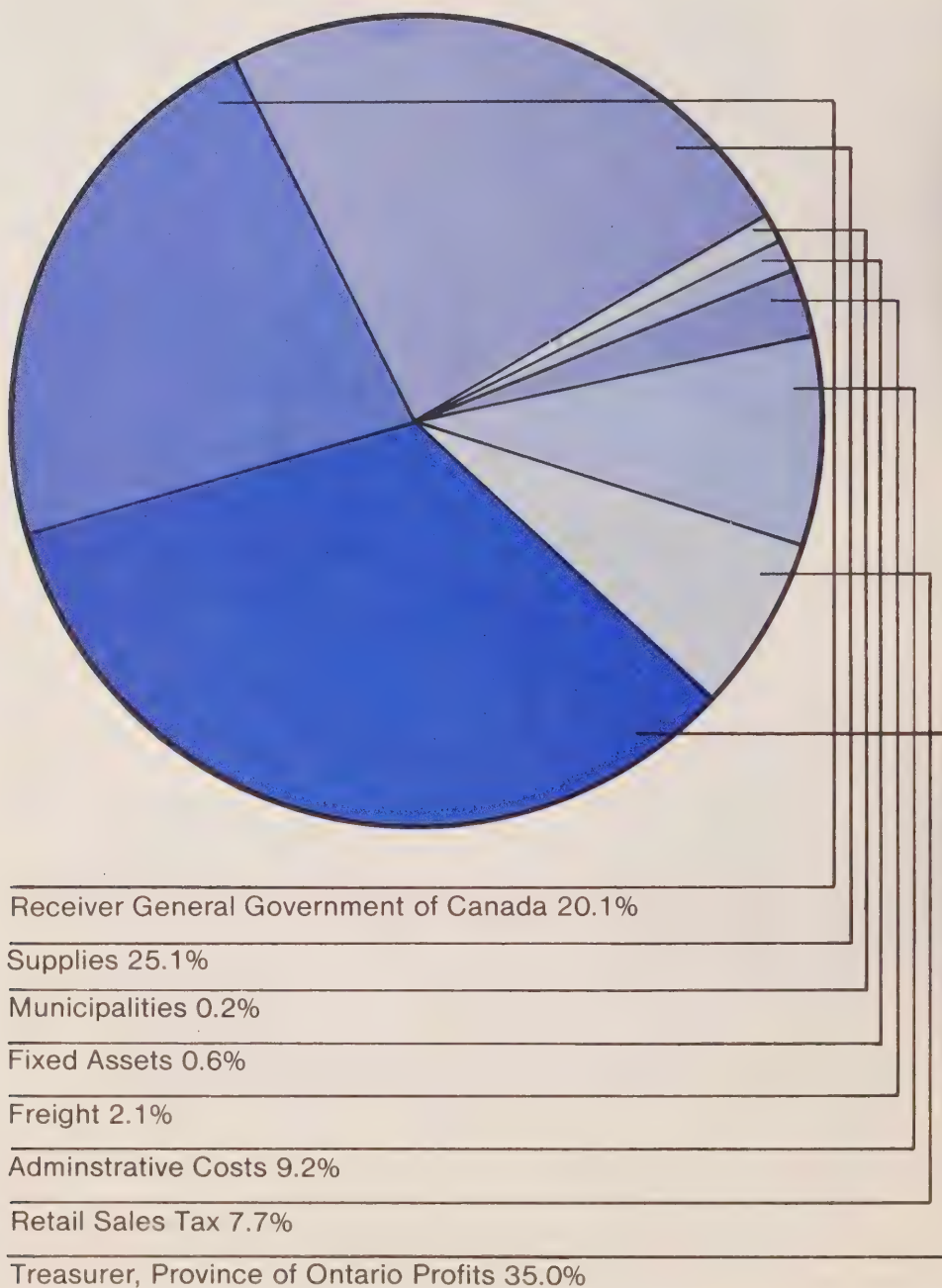
- Total commitments as of March 31, 1982 for lease of premises amount to \$51,100,000. Of this total \$9,500,000 becomes payable during the year ending March 31, 1983.
- The Board is building a new warehouse in Whitby, Ontario with total costs estimated at \$108,000,000 through 1984. To March 31, 1982 \$6,200,000 has been spent on land and buildings (\$2,500,000 to March 31, 1981). The Board expects to spend \$45,000,000 during the 1982-83 fiscal year.

Net Profit Paid to the Treasurer of Ontario March 31, 1976 — March 31, 1982



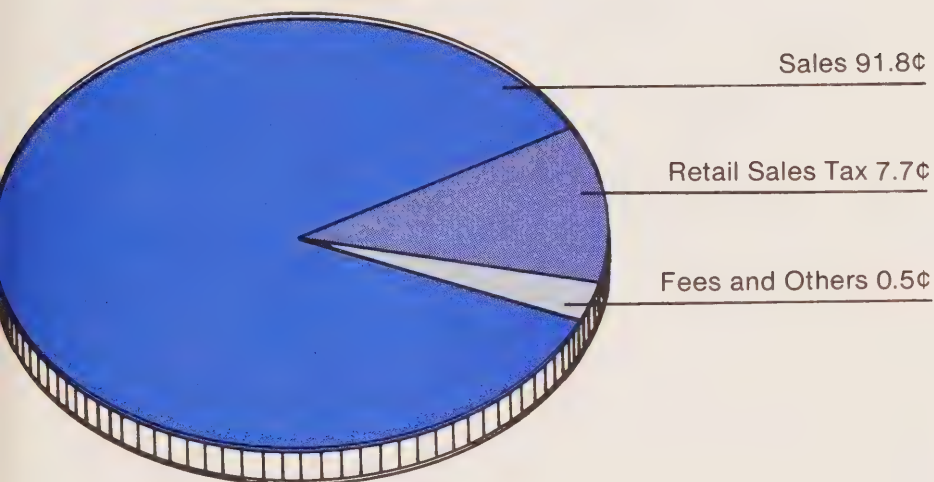
*Prior to January 2, 1976, the net profit of the L.C.B.O. included the financial results of the Liquor Licence Board of Ontario.

Liquor Control Board of Ontario Distribution of Gross Revenue 1981 — 1982

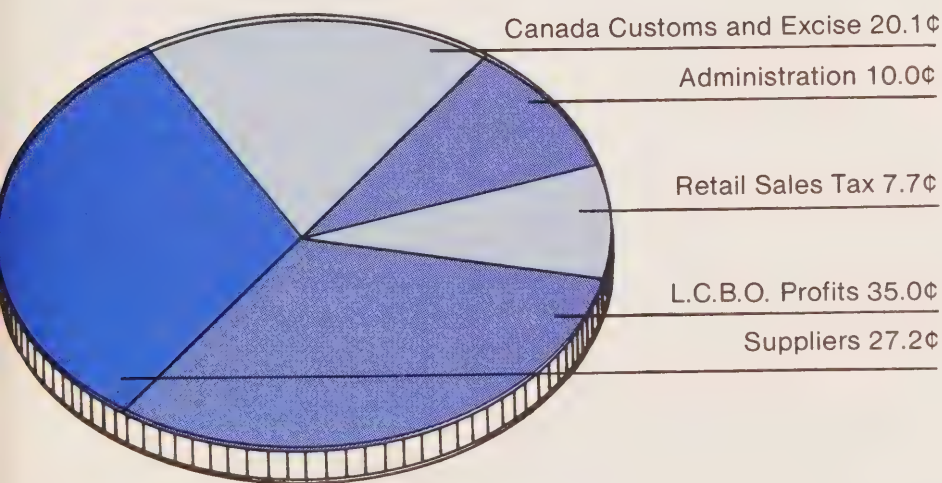


The L.C.B.O. Dollar 1981 — 1982

Where it comes from



How it is spent



Stores' Operations

Board Stores

The Board operated 591 stores during the year including the distribution depot in Toronto, two duty-free stores at the Toronto International Airport and two Rare Wines and Spirits outlets.

Four new self-serve stores were opened at the following locations:

May	15, 1981	138 Rice Lake Drive, Bewdley K0L 1E0
September	4, 1981	199 Wentworth St. West, Oshawa L1J 6P4
October	30, 1981	1505 Guelph Line, Burlington L7P 3B6
January	4, 1982	545 Yonge St., Toronto M4Y 1Y5

The following twelve stores were relocated and converted to self-serve operations during the year:

Store	From	To
28	307 Queen St. East	222 Broad St. E., Dunnville N1A 1J1
88	52 Grand River St. N.	25 Mechanic St., Paris N3L 1K1
132	57 Bridge St.	55 Landsdowne Ave., Carleton Place K3C 3S9
133	4141 Petrolia St.	4353 Petrolia St., Petrolia N0N 1R0
150	1061 Eglinton Ave. W.	2462 Dufferin St., Toronto M6B 3P7
199	49 Brock St. E.	200 Broadway Rd., Tillsonburg N4G 5A7
209	19 Church St. N.	96 Dominion St. W., Alliston L0M 1A0
241	4th Avenue	4th Avenue, Temagami P0H 2H0
316	Main St.	Main St., Athens K0E 1B0
346	177 Woodbridge Ave.	7766 Martingrove Rd., Woodbridge L4L 2C7
358	811 Chemong Rd.	811 Chemong Rd., Peterborough L9H 5Z8
375	Water & South Sts.	240 Old Highway #17, Plantagenet K0B 1L0

Other changes to store operations during the year included the converting of an additional 4 conventional Board stores to self-serve operation at their existing locations and the closing of 3 stores: Store #16 at 101 Richmond St. West, Toronto; Store #165 at 604 Concession St., Hamilton and Store #168 at 96 Queenston, St. Catharines. In addition, 2 summer stores were not re-opened — #334 at Bathchewana Bay and #499 at Wolfe Island. In keeping with the Board's policy of conversion to self-serve operations, there were 460 self-serve stores at March 31, 1982, representing 78 percent of the Board's total number of stores at fiscal year-end.

Agency Stores

During the year, one agency store was re-opened and one agency store was closed due to fire. In addition, three agency stores changed ownership. As at March 31, 1982, there were 67 agency stores in operation.

Breweries and Brewers' Retail Stores

On May 20, 1981, a licence was granted to Molson's Breweries (Ontario) Limited of Winnipeg to sell beer in Ontario.

On August 23, 1981, the licence of Henniger Brewery (Ontario) Limited was acquired by Amstel Brewery Canada Limited.

As at March 31, 1982, there were 11 breweries located within the province, as well as two in Quebec and three in Manitoba that were licensed to sell beer in Ontario.

Two new brewers' retail stores were opened at the following locations:

May	17, 1981	150 Katimavik Drive, Kanata K2K 1X7
November	23, 1981	South Cambridge Centre, Cambridge K2K 5S2

The number of stores in operation as of March 31, 1982 was 442.

Sales by Breweries to Other Provinces and Countries (in gallons)

	1982	1981	1980	1979	1978
Sales to Other Provinces	379,517	407,444	350,064	367,761	162,872
Export Sales	21,687,065	21,435,453	22,404,473	18,597,450	12,162,090
	22,066,582	21,842,897	22,754,537	18,965,211	12,324,962

All brands of beer produced by the 16 breweries which are licensed to sell beer in Ontario were analysed on a rotational basis by the Board, as in previous years. This quality control process ensured that beer sold in the province conforms with the regulations passed pursuant to The Food and Drug Act of Canada, 1953, and the standards set by the Board.

Stores' Operations

Board Stores

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209	19 Church St. N.	96 Dominion St. W., Alliston L0M 1A0
241	4th Avenue	4th Avenue, Temagami P0H 2H0
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Sales to Other Provinces	379,517	407,444	350,064	367,761	162,872
Export Sales	21,687,065	21,435,453	22,404,473	18,597,450	12,162,090
	22,066,582	21,842,897	22,754,537	18,965,211	12,324,962

All brands of beer produced by the 16 breweries which are licensed to sell beer in Ontario were analysed on a rotational basis by the Board, as in previous years. This quality control process ensured that beer sold in the province conforms with the regulations passed pursuant to The Food and Drug Act of Canada, 1953, and the standards set by the Board.

Wineries and Winery Retail Stores

On June 21, 1981, Colio Wines of Canada Limited was granted a winery licence which brought the number of wineries in operation as of March 31, 1982 to 12.

There was a net increase of 2 winery retail stores during the year as a total of 120 wine stores (68 regular and 52 mini stores) were in operation throughout Ontario at March 31, 1982.

Sales by Wineries to Other Provinces and Countries (in gallons)

	1982	1981	1980	1979	1978
Sales to Other Provinces	2,204,887	2,005,301	2,360,801	2,698,785	2,591,790
Export Sales	157,907	122,225	42,049	76,221	70,244
	<u>2,362,794</u>	<u>2,127,526</u>	<u>2,402,850</u>	<u>2,775,006</u>	<u>2,662,034</u>

The tonnage of Ontario grapes and apples used by the various Ontario wineries over the past five years is as follows:

	1982	1981	1980	1979	1978
Grapes used in the manufacture of wine	35,741	40,241	43,011	44,470	34,269
Grapes used in the manufacture of concentrate	2,898	4,331	1,252	3,817	824
Apples used in the manufacture of cider	164	588	376	608	964
	<u>38,803</u>	<u>45,160</u>	<u>44,639</u>	<u>48,895</u>	<u>36,057</u>

The following quantities of wine (in gallons) were imported for blending in accordance with the conditions of the Wine Content Act, 1976:

	1982	1981	1980	1979	1978
	843,078	675,446	414,143	240,150	2,400

Storage and Distribution Centre

— Durham Region

There were a number of important developments during the year regarding this project which is scheduled for completion March 1984.

The ground-breaking ceremonies took place August 6, 1981 and site preparation was completed by Spring 1982. Tenders were received and contracts awarded for segments of the project.

The magnitude of this project required a significant commitment from various staff resources during the past year.

Planning and Technical Services Division co-ordinated the materials handling system study and provided the technical support needed so that this concept could be finalized.

The Data Processing Systems section developed a general design for the system required to support the warehouse operation and specifications were drawn up for the computing equipment necessary to complement the Durham systems.

The Warehousing and Distribution division staff began developing detailed operating procedures by defining the functional areas in the new warehouse. Job descriptions, testing and conversion tasks are presently underway.

In the year ahead, it is anticipated that foundation construction will be completed and structural steel construction of the complex will begin.

Products

An analysis of the products listed by the Board, which follows below, illustrates the varied selection available to the public in Ontario.

Control is exercised over the chemical and flavour integrity of these many products to ensure compliance with Federal and Provincial legislation. The Products Division maintains a modern laboratory facility and employs tasting panels competent to assess the quality of all brands. In addition, the laboratory has responsibility for quality control checks on wines and spirits purchased in bulk and packaged by the Board's bottling facility.

The Board has a commitment to the consumer requiring all products meet quality assurance standards.

L.C.B.O. Product Listings as at March 31, 1982

Domestic

Canadian Whiskey	174
Canadian Blended Rums	108
Canadian Gin	67
Canadian Vodka	74
Canadian Brandy	7
Canadian Blended Brandy	15
Alcohol	4
Fruit Spirits	3
Miscellaneous Liquors	3
Canadian Liqueurs	109
Ontario Wine	517
Other Canadian Wine	27
Canadian Cider	7
Canadian Beer	5
	<u>1,120</u>

Imported

Whisky — Scotch	85
— Irish	2
— Bourbon	4
— Tennessee	1
Gin	13
Rum	19
Vodka	4
Tequila	5
Brandy	47
Fruit Spirits	6
Miscellaneous Liquors	22
Liqueurs	59
Wine	672
Cider	5
Beer & Sake	28
Specialty Items	15
	<u>987</u>

Total Regular Listings	2,107
Rare Wine & Spirits	395
Duty Free Listings	<u>60</u>

Total Product Listings	<u>2,562</u>
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Personnel

The number of Board members and permanent employees of the various departments of the Board as of March 31, 1982 is as follows:

Board Members	5
Staff of Departments:	
Chairman's Office	1
General Manager	13
Accounting	61
Audit	50
Bottling	19
Building Maintenance	18
Data Processing	42
Distribution Analysis	7
Laboratory	11
Legal	2
Mail & Multigraph	8
Personnel	21
Planning	5
Product Administration	32
Properties Management	15
Purchasing	2
Records Management	6
Security Services	5
Stores	2,782
Store Operations	43
Warehouses	344
Warehouse Administration	18
	3,505

In addition, there were 1,895 temporary employees as of March 31, 1982 and of this total, 1,885 were employed in Board stores.

57th

Report

LIQUOR CONTROL BOARD
OF ONTARIO

APRIL 1, 1982
to MARCH 31, 1983



Ontario

57th Report

LIQUOR CONTROL BOARD OF ONTARIO

APRIL 1, 1982
to MARCH 31, 1983

Formed in 1927, the Liquor Control Board of Ontario was incorporated as a Crown Corporation under The Liquor Control Act, 1975. The Board regulates the sale and transportation of liquor throughout the province and establishes stores for the sale of liquor to the public. Also, it purchases products for sale to the public and maintains quality control over those products.

Liquor Control Board of Ontario
55 Lake Shore Boulevard East
Toronto, Ontario
M5E 1A4



Highlights

	1983	1982	1981
	((\$000))	((\$000))	((\$000))
Sales	\$1,467,296	\$1,329,263	\$1,182,784
Increase in %/ previous year	10.4%	12.4%	9.5%
	((\$000))	((\$000))	((\$000))
Operating expenses	\$ 204,142	\$ 144,691	\$ 128,411
% of expenses/sales	13.9%	10.9%	10.9%
	((\$000))	((\$000))	((\$000))
Net income	\$ 523,228	\$ 507,764	\$ 443,383
% of net income/sales.....	35.6%	38.2%	37.5%
Self-serve stores in operation	481	460	443
Total stores in operation	601	591	592
Number of permanent employees	3,476	3,505	3,544
Number of regular products listed	2,178	2,107	2,103

Liquor Control Board of Ontario

55 Lake Shore Boulevard East

Toronto, Ontario M5E 1A4

September 1, 1983

The Honourable John Black Aird, O.C., Q.C., B.A., LL.D.
The Lieutenant Governor of Ontario
Queen's Park
Toronto, Ontario M7A 1A1

May It Please Your Honour,

The 57th Report and Financial Statements of the Liquor Control Board of Ontario are submitted herewith pursuant to Section 7 of The Liquor Control Act, 1975, as well as the report of the Provincial Auditor.

This report summarizes the Board's activities during the fiscal year ended March 31, 1983 and includes operational highlights for the year.

Overall the financial results were successful when viewed against the background of a serious recession which gripped the country. Although sales volume increased less than 1%, the \$1.4 billion of sales through Board stores was a 10.4% increase over the previous year. Profits paid to the Treasurer of Ontario of \$533 million were an increase of 6.1% and occurred after expending \$46.5 million on construction costs of the new Distribution Warehouse in Whitby.

Operating expenses expressed as a percentage of sales rose to 13.9% as a result of the significant outlay of funds on the new warehouse project. All other expenses, in total, show an increase of only 8.9% over last year, which is in keeping with the Board's continuing efforts to monitor and control costs.

The number of retail stores in operation exceeded 600 for the first time during the past year. This is consistent with the Board's policy of responding to the needs of the public for responsible and efficient distribution of beverage alcohol products. Of the 601 stores at March 31, 1983, 80% were self-service underlying the commitment of better service to the public.

I wish to express my sincere thanks and appreciation to all employees of the Board for their conscientious efforts during the past year. The full and part-time Board Members — R.J. Harris, Vice-Chairman, F.H. Hooper, W.G. Newman and J.M. Thompson warrant special acknowledgement for their contributions and assistance.

I have the honour to be, Sir,

Your Obedient Servant,
William J. Bosworth,
Chairman

Sales

Total sales of spirits, wine and beer by Board stores during the fiscal year ended March 31, 1983, were \$1,467,296,821. Of this total \$207,180,540 or 14.1% consisted of sales to licensed establishments. Sales of Ontario wine made directly to customers by licensed retail wine stores and wineries in Ontario amounted to \$32,792,391. The net value of beer sold in Ontario by breweries and brewers' retail outlets, exclusive of the cost of containers, totalled \$982,557,438.

The following tables show increases (decreases) in sales for the fiscal year under review as compared with the previous year's totals:

Sales by Value

	Fiscal Year Ended March 31, 1983	Fiscal Year Ended March 31, 1982	Increase
Sales by Board Stores			
Canadian Spirits	\$804,568,205	\$731,626,636	\$72,941,569
Imported Spirits	224,852,963	205,151,445	19,701,518
*Canadian Wines	148,027,970	125,319,366	22,708,604
Imported Wines	215,182,624	198,092,798	17,089,826
Canadian Beers	60,471,657	56,411,580	4,060,077
Imported Beers	14,193,412	12,661,380	1,532,432
Total Sales by Board Stores	<u>\$1,467,296,831</u>	<u>\$1,329,263,205</u>	<u>\$138,033,626</u>
 Sales by Ontario Wineries and Winery Stores	 <u>\$ 32,792,391</u>	 <u>\$ 27,787,165</u>	 <u>\$ 5,005,226</u>
 Sales by Breweries and Brewers' Retail Stores (exclusive of container value)	 <u>\$ 982,557,438</u>	 <u>\$ 825,415,158</u>	 <u>\$157,142,280</u>

*Includes Ontario wine sales of \$138,973,130 during fiscal year ended March 31, 1983 compared with \$114,451,752 during previous year.

Sales by Gallons

	Fiscal Year Ended March 31, 1983	Fiscal Year Ended March 31, 1982	Increase (Decrease)
Sales by Board Stores			
Canadian Spirits	12,581,818	13,196,066	(614,248)
Imported Spirits	2,856,267	2,887,986	(31,719)
*Canadian Wines	7,866,489	6,994,354	872,135
Imported Wines	8,026,021	8,045,895	(19,874)
Canadian Beers	7,754,093	7,745,462	8,631
Imported Beers	1,371,048	1,263,253	105,795
Total Sales by Board Stores	40,455,736	40,135,016	320,720
Sales by Ontario Wineries and Winery Stores	1,800,966	1,608,429	192,537
Sales by Breweries and Brewers' Retail Stores	158,924,666	158,407,959	516,707

*Includes Ontario wine sales of 7,426,044 gallons during fiscal year ended March 31, 1983 compared with 6,407,081 gallons during previous fiscal year.



Revenue Payments

Levies on beverage alcohol sold in the province during the year contributed a total of \$1,230,192,076 to the Treasurer of Ontario and the Government of Canada. This amount does not include corporation, realty and business taxes paid by the distilleries, wineries, breweries and licence holders. Ontario retail sales tax collected by licence holders and agency stores on sales of beverage alcohol is also excluded from these figures.

Of these payments, \$533 million was remitted to the Treasurer of Ontario on account of Board profits, representing some three percent of the province's 1982-83 revenue. In addition, the Board paid \$3,169,968 to Ontario municipalities as grants in lieu of realty and business taxes.

A summary of the forementioned revenue payments is as follows :

Treasurer of Ontario

Remitted by the Board —	
on account of profits	\$533,000,000
Ontario Retail Sales Tax on	
sales through liquor stores	<u>124,200,755</u>
	657,200,755

Remitted by others —		
Ontario Retail Sales Tax on sales through		
retail wine stores and brewers'		
retail stores	<u>74,714,529</u>	<u>\$ 731,915,284</u>

Government of Canada

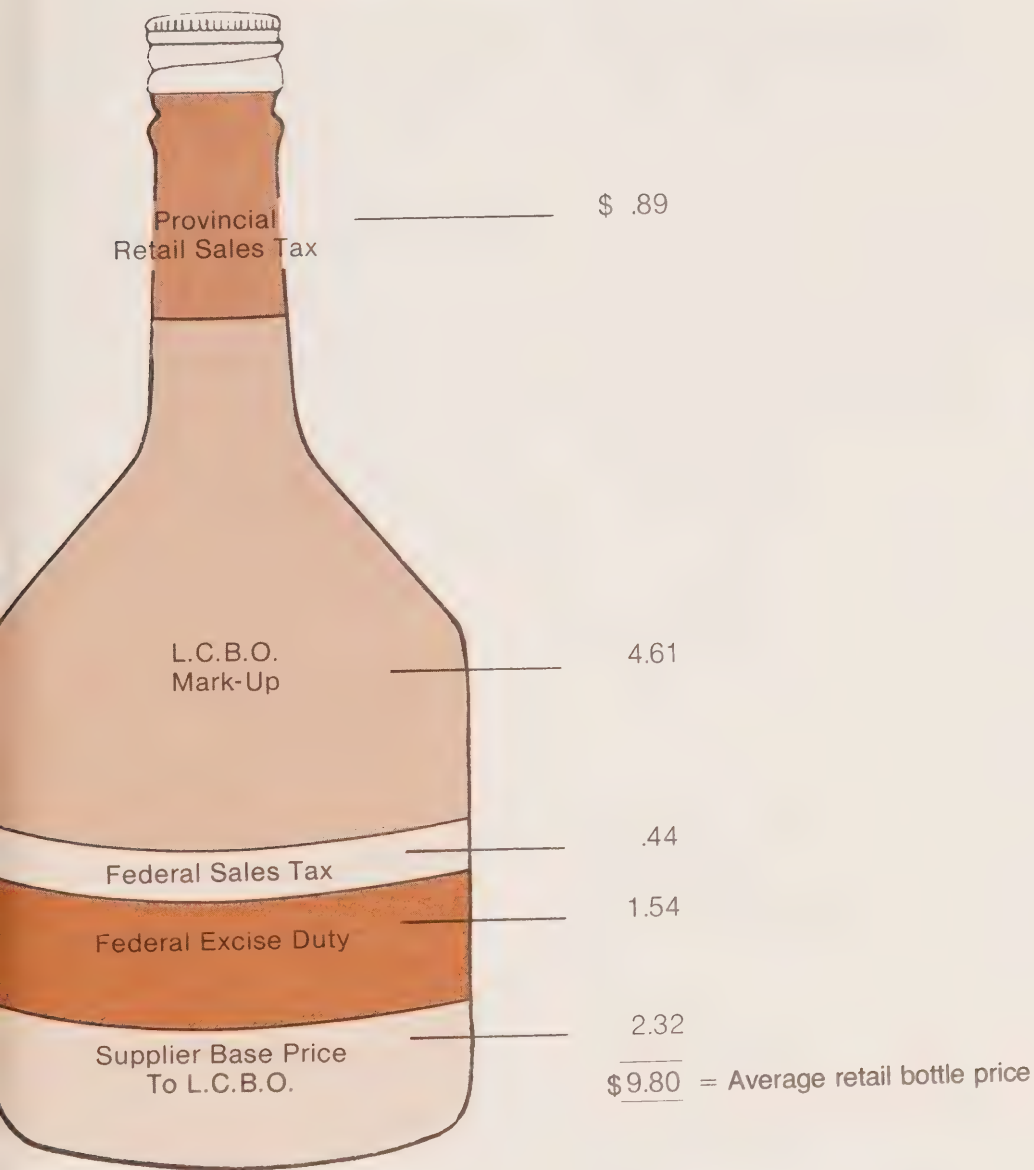
Paid by the Board —	
Customs and Excise Duties	242,540,263
Federal Sales Tax on spirits, wines	
and imported beers	<u>68,731,529</u>
	311,271,792

Paid by others —		
Malt duties and taxes on domestic beers		
and wines	<u>187,005,000</u>	<u>498,276,792</u>
		1,230,192,076

Ontario Municipalities

Paid by the Board —	
Grants in lieu of realty and business taxes	<u>3,169,968</u>
	<u>\$1,233,362,044</u>

Breakdown of Average Retail Bottle Price for all Spirits & Wine sold by the L.C.B.O. during the Year Ended March 31, 1983



Summary

Supplier	\$2.32 -	23.7%
Federal Gov't.	1.98 -	20.2%
Provincial Gov't.	5.50 -	56.1%
	<u>\$9.80</u>	

Financial Statements

LIQUOR CONTROL BOARD OF ONTARIO
(Incorporated under the Liquor Control Act, 1975)

Balance Sheet

March 31, 1983

ASSETS

	1983	1982
	\$	\$
Current		
Cash	20,300,802	7,190,838
Accounts receivable, trade and others	3,550,497	2,288,234
Inventories, at cost	129,242,615	135,506,224
Prepaid expenses	959,793	855,795
	<u>154,053,707</u>	<u>145,841,091</u>
Fixed (note 1)	1	1
	<u>154,053,708</u>	<u>145,841,092</u>

LIABILITIES

Current		
Accounts payable and accrued liabilities	88,400,471	70,415,841
Retained income	65,653,237	75,425,251
	<u>154,053,708</u>	<u>145,841,092</u>

See accompanying notes to financial statements.

Approved: W. J. BOSWORTH, F. A. MacINNIS,
Chairman General Manager

Audit Report

To the Liquor Control Board of Ontario and
to the Minister of Consumer and Commercial Relations

I have examined the balance sheet of the Liquor Control Board of Ontario as at March 31, 1983 and the statements of income and retained income for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the position of the Board as at March 31, 1983 and the results of its operations for the year then ended in accordance with generally accepted accounting principles, as modified by Note 1 to the financial statements, applied on a basis consistent with that of the preceding year.

A report on the audit has been made to the Board and to the Minister.

Toronto, Ontario
August 29, 1983.

D.F. Archer, F.C.A.,
Provincial Auditor.

Statement of Income

Year ended March 31, 1983

	1983	1982
	\$	\$
Sales	1,467,296,832	1,329,263,205
Cost of sales	746,512,482	684,341,922
Gross income	720,784,350	644,921,283
Operating expenses		
Salaries and employee benefits	117,741,756	104,235,466
Rent	13,302,381	12,087,357
Repairs and maintenance	3,441,950	2,756,964
Grants in lieu of taxes	3,169,968	2,959,404
Utilities	3,479,299	3,251,992
Packing material	1,961,064	1,918,734
Stationery	1,041,593	1,058,995
Travelling	510,480	533,950
Stock breakage and losses	1,500,275	1,275,387
Agency commissions and expenses	878,742	814,028
Armour car services	932,393	790,266
Security services	121,367	142,152
Equipment rental and supplies	692,853	804,644
Telephone and telegraph	566,125	541,067
Other	4,040,801	3,115,768
Fixed assets written off	50,761,698	8,405,638
	204,142,745	144,691,812
Operating income	516,641,605	500,229,471
Other income		
Special occasion permit purchase fees	3,704,226	3,786,652
Interest on bank balances	1,829,559	2,775,982
Miscellaneous income	1,052,596	972,270
	6,586,381	7,534,904
Net income for the year	523,227,986	507,764,375

See accompanying notes to financial statements.

LIQUOR CONTROL BOARD OF ONTARIO

Statement of Retained Income

Year ended March 31, 1983

	1983	1982
	\$	\$
Balance at beginning of year	75,425,251	69,660,876
Add:		
Net income for the year	523,227,986	507,764,375
	598,653,237	577,425,251
Deduct:		
Payments to the Treasurer of Ontario on account of net income	533,000,000	502,000,000
Balance at end of year	65,653,237	75,425,251

See accompanying notes to financial statements.

LIQUOR CONTROL BOARD OF ONTARIO

Notes to Financial Statements

March 31, 1983

1. FIXED ASSETS

Fixed assets are expensed by the Board in the year of acquisition and are carried on the books at a nominal value of \$1.00.

The total accumulated costs of fixed assets at year end, less disposals, are as follows:

	1983	1982
	\$	\$
Land	10,223,942	9,620,638
Buildings	55,439,169	53,747,942
Construction in process (Distribution Warehouse – Whitby) (note 2)	52,753,588	6,163,551
Furniture and equipment	11,076,053	10,543,154
Leasehold improvements	10,881,563	10,083,900
	140,374,315	90,159,185

2. CONSTRUCTION IN PROGRESS: DISTRIBUTION WAREHOUSE – WHITBY

The Board is building a new automated warehouse in Whitby, Ontario with total costs estimated at \$108,000,000 through 1984. Details of the expenditures are as follows:

	1983	1982
	\$	\$
Land	3,026,013	2,943,631
Building	49,711,194	3,219,920
Furniture and equipment	16,381	—
	<u>52,753,588</u>	<u>6,163,551</u>
Estimated costs to complete	55,246,412	101,836,449
	<u>108,000,000</u>	<u>108,000,000</u>

The Board expects to spend \$46,000,000 during the 1983-84 fiscal year.

3. LEASE COMMITMENTS

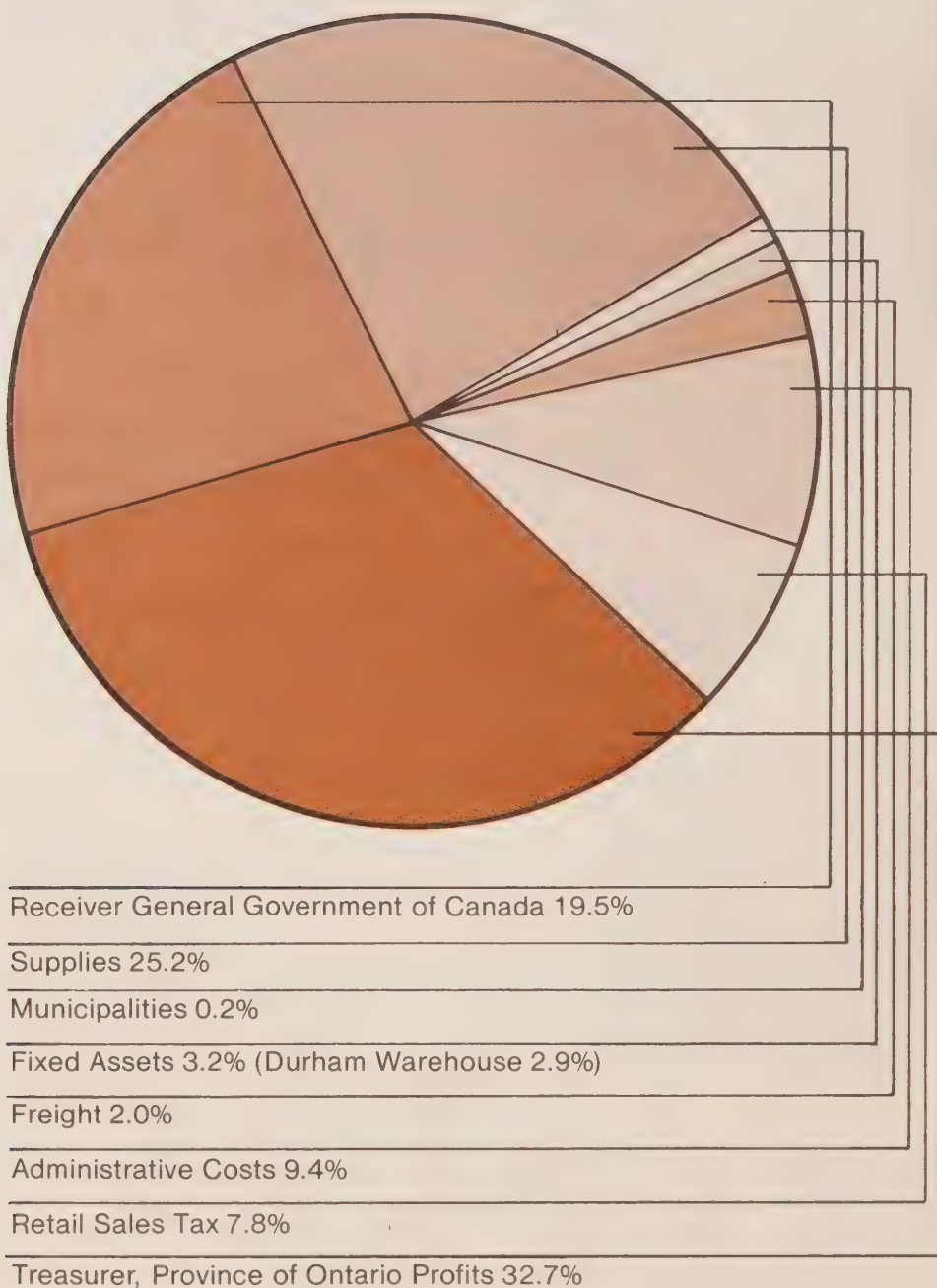
The Board is committed under operating leases on leased premises with future minimum rental payments due as follows:

	\$
1984	9,800,000
1985	9,100,000
1986	6,900,000
1987	5,900,000
1988	4,700,000
Thereafter	<u>13,500,000</u>
	<u>49,900,000</u>

Profits Paid to the Treasurer of Ontario March 31, 1977 – March 31, 1983

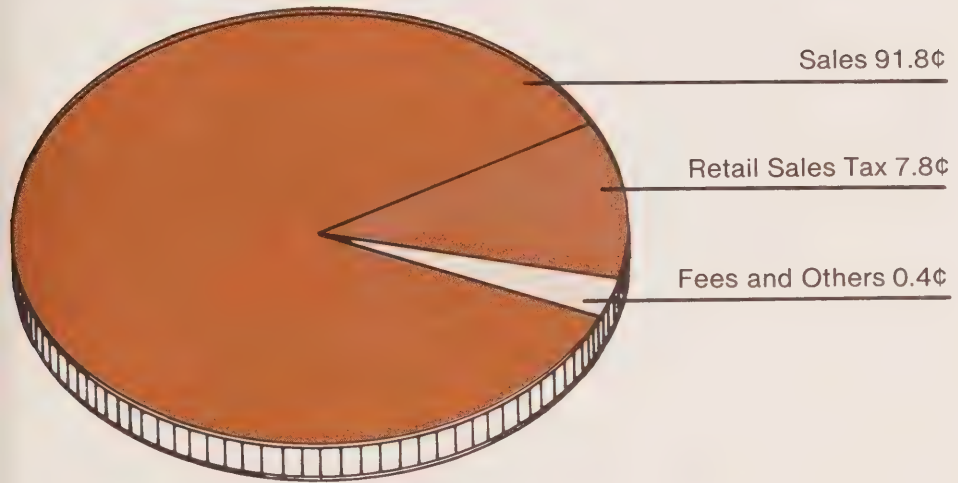


Liquor Control Board of Ontario Distribution of Gross Revenue 1982 — 1983

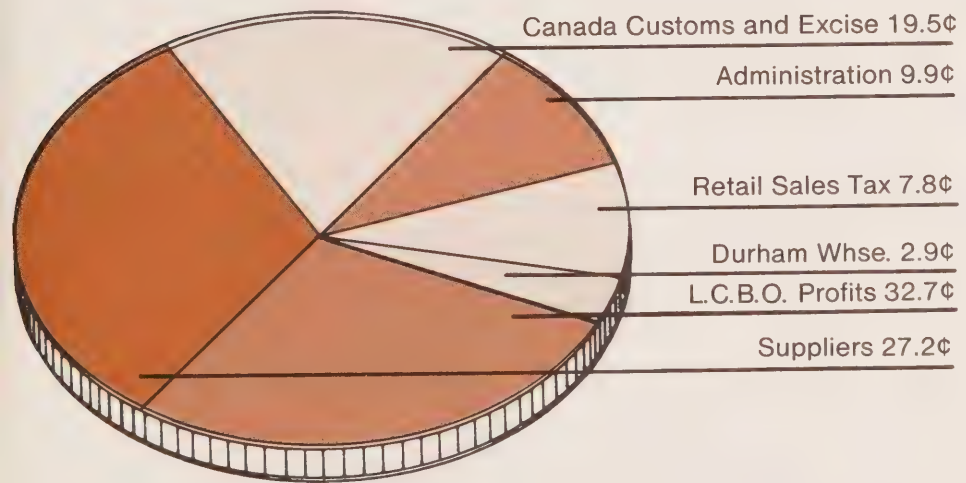


The L.C.B.O. Dollar 1982 - 1983

Where it came from



How it was spent



Stores' Operations

Board Stores

The Board operated 601 stores during the year including the distribution depot in Toronto, two duty-free stores at the Toronto International Airport and two Rare Wines and Spirits outlets.

Eleven new self-serve stores were opened at the following locations :

May	14, 1982	240 Leighland Avenue, Oakville L6H 3H6
May	25, 1982	180 Sandalwood Pwky., Brampton L6Z 1Y4
May	29, 1982	Main St., Hwy. 124, Dunchurch (S) P0A 1G0
June	11, 1982	900 Greenbank Road, Nepean K2J 1S8
June	19, 1982	P.O. Box 190, Pefferlaw (S) L0E 1N0
July	7, 1982	P.O. Box 129, Beachburg (S) K0J 1C0
September	29, 1982	2685 Iris Avenue, Ottawa K1V 0E8
October	8, 1982	6720 Meadowvale Town Centre Circle, Mississauga L5N 2R5
October	12, 1982	213 Danforth Avenue, Toronto M4K 1N2
November	5, 1982	45 Airport Road, Caledon East L0N 1E0
March	4, 1983	300 John Street, Thornhill L3T 5W4

(S) Denotes Summer Store

The following three stores were relocated and converted to self-serve operations during the year :

Store	From	To
332	P.O. Box 128	Box 120, Railway Ave., Nakina P0T 2H0
397	1198 Kennedy Road	2300 Lawrence Avenue East, Scarborough M1P 2R4
400	1751 Russell Road	1910 St. Laurent Blvd., Ottawa K1G 1A4

Other changes to store operations during the year included the converting of an additional 8 conventional Board stores to self-serve operation at their existing locations and the closing of Store No. 453 at 860 Aberdeen Street, Hawkesbury.

In keeping with the Board's policy of conversion to self-serve operations, there were 481 self-serve stores at March 31, 1983, representing 80 percent of the Board's total number of stores at fiscal year-end.

Agency Stores

During the year, two agency stores were reopened and two stores were closed. In addition, one agency store changed ownership. As at March 31, 1983, there were 67 agency stores in operation.

Breweries and Brewers' Retail Stores

Four new brewers' retail stores were opened at the following locations :

June	17, 1982	180 Sandalwood Pkwy., Brampton L6Z 1Y4
June	17, 1982	Main Street, Sauble Beach N0H 2G0
October	4, 1982	6720 Meadowvale Town Centre Circle, Mississauga L5N 2R5
November	4, 1982	1067 Wellington Road South, London N6E 2H5

The number of stores in operation as of March 31, 1983 was 445.

Sales by Breweries to Other Provinces and Countries (in gallons)

	<u>1983</u>	<u>1982</u>	<u>1981</u>	<u>1980</u>	<u>1979</u>
Sales to					
Other					
Provinces	440,726	379,517	407,444	350,064	367,761
Export Sales	23,329,790	21,687,065	21,435,453	22,404,473	18,597,450
	<u>23,770,516</u>	<u>22,066,582</u>	<u>21,842,897</u>	<u>22,754,537</u>	<u>18,965,211</u>

All brands of beer produced by the 16 breweries which are licensed to sell beer in Ontario were analysed on a rotational basis by the Board, as in previous years. This quality control process ensured that beer sold in the province conforms with the regulations passed pursuant to The Food and Drug Act of Canada, 1953, and the standards set by the Board.

Wineries and Winery Retail Stores

The number of wineries in operation at fiscal year end was unchanged from the previous year at 12.

There was a net increase of 34 winery retail stores during the year as a total of 154 wine stores (87 regular and 67 mini stores) were in operation throughout Ontario at March 31, 1983.

Sales by Wineries to Other Provinces and Countries (in gallons)

	1983	1982	1981	1980	1979
Sales to Other Provinces	1,794,434	2,204,887	2,005,301	2,360,801	2,698,785
Export Sales	85,437	157,907	122,225	42,049	76,221
	<u>1,879,871</u>	<u>2,362,794</u>	<u>2,127,526</u>	<u>2,402,850</u>	<u>2,775,006</u>

The tonnage of Ontario grapes and apples used by the various Ontario wineries over the past five years is as follows:

	1983	1982	1981	1980	1979
Grapes used in the manufacture of wine	36,103	35,741	40,241	43,011	44,470
Grapes used in the manufacture of concentrate	1,326	2,898	4,331	1,252	3,817
Apples used in the manufacture of cider	552	164	588	376	608
	<u>37,981</u>	<u>38,803</u>	<u>45,160</u>	<u>44,639</u>	<u>48,895</u>

The following quantities of wine (in gallons) were imported for blending in accordance with the conditions of the Wine Content Act, 1976 :

	1983	1982	1981	1980	1979
	786,395	843,078	675,446	414,143	240,150
	<u>786,395</u>	<u>843,078</u>	<u>675,446</u>	<u>414,143</u>	<u>240,150</u>

Warehousing & Distribution

The Distribution Warehouse Project progressed through the 1982-83 fiscal year both on schedule and on budget. Building construction was 40% completed and virtually all Tenders have been issued to cover building construction. Much of the materials handling equipment has been designed and proto-types of major pieces of equipment have been developed. Computer hardware has been purchased and the systems design essentially finalized. Warehouse operating procedures were 90% completed and an employee move program was developed to allow a smooth transition for Toronto Warehousing Staff to the Durham Region.

In the next fiscal year, the building will be completed, computer systems developed, materials handling equipment installed and the manufacturers testing of the equipment will begin.

Warehousing Staff will develop detailed training, testing and conversion programs.

Total shipment activity for the year from the Board's distribution warehouses was 12,935,000 cases representing a modest growth of 2%.

Improvements in the computer system were implemented allowing for automation of purchase orders and receiving information. The impact has been positive as fewer stock out situations have resulted at the warehouse level which has meant improved service levels to Board stores and better customer service at the retail level.

Products

The Liquor Control Board of Ontario lists products from most countries of the world. This varied selection, as listed below, is regarded internationally among the best available.

A modern laboratory verifies the chemical acceptability of these products sold by the Board. Sophisticated technology and equipment is used to detect unwanted substances that are contrary to the Federal Food and Drug Regulations. Control over flavour integrity and shelf-life potential of products is exercised by ongoing tastings. Checks are also extended to products bottled by the Board to ensure quality brands, meeting LCBO standards, are offered to the public.

L.C.B.O. Product Listings as at March 31, 1983

Domestic

Canadian Whisky	177
Canadian Blended Rums	103
Canadian Gin	70
Canadian Vodka	73
Canadian Brandy	7
Canadian Blended Brandy	15
Alcohol	5
Fruit Spirits	4
Miscellaneous Liquors	7
Canadian Liqueurs	112
Ontario Wine	543
Other Canadian Wine	17
Canadian Cider	7
Canadian Beer	5
Specialty Items	1

1,146

Imported

Whisky — Scotch	102
— Irish	2
— Bourbon	3
— Tennessee	2
Gin	11
Rum	18
Vodka	6
Tequila	5
Brandy	51
Fruit Spirits	6
Miscellaneous Liquors	23
Liqueurs	56
Wine	691
Cider	4
Beer & Sake	25
Specialty Items	27

1,032

Total Regular Listings	2,178
Rare Wine and Spirits	417
Duty Free Listings	61

Total Product Listings	<u>2,656</u>
------------------------	--------------

Personnel

The number of Board members and permanent employees of the various divisions of the Board as of March 31, 1983 is as follows:

Board Members	<u><u>5</u></u>
Staff of Departments	
Chairman's Office	1
General Manager	22
Accounting	58
Audit	45
Bottling	20
Building Maintenance	16
Data Processing	46
Distribution Analysis	7
Laboratory	10
Legal	2
Mail & Multigraph	8
Personnel	24
Planning	5
Product Administration	30
Properties Management	15
Purchasing	2
Records Management	4
Security Services	5
Stores	2,757*
Store Operations	43
Warehouses	340
Warehouse Administration	<u><u>16</u></u>
	<u><u>3,476</u></u>

* Includes 137 disabled employees receiving long term income protection benefits.

In addition there were 1,841 temporary employees as of March 31, 1983, of this total 1,815 were employed in Board stores.

The year saw a continuation of employee training and development in support of the Board's overall objective to serve the Ontario consumer effectively and efficiently with courteous and informed staff.

58th Report

LIQUOR CONTROL BOARD OF ONTARIO

APRIL 1, 1983
to MARCH 31, 1984



58th Report

LIQUOR CONTROL BOARD OF ONTARIO

APRIL 1, 1983
to MARCH 31, 1984

Formed in 1927, the Liquor Control Board of Ontario was incorporated as a Crown Corporation under The Liquor Control Act, 1975. The Board regulates the sale and transportation of liquor throughout the province and establishes stores for the sale of liquor to the public. Also, it purchases products for sale to the public and maintains quality control over those products.

Liquor Control Board of Ontario
55 Lakeshore Boulevard East
Toronto, Ontario
M5E 1A4



Highlights

	1984	1983	1982
	((\$000))	((\$000))	((\$000))
Sales	\$1,504,738	\$1,467,296	\$1,329,263
Increase in %/ previous year	2.6%	10.4%	12.4%
	((\$000))	((\$000))	((\$000))
Operating expenses	\$ 207,507	\$ 204,142	\$ 144,691
% of expenses/sales	13.8%	13.9%	10.9%
	((\$000))	((\$000))	((\$000))
Net income	\$ 542,115	\$ 523,228	\$ 507,764
% of income/sales	36.0%	35.6%	38.2%
Self-serve stores in operation	500	481	460
Total stores in operation	602	601	591
Number of permanent employees	3,436	3,476	3,505
Number of regular products listed	2,359	2,347	2,279

Liquor Control Board of Ontario

55 Lake Shore Boulevard East
Toronto, Ontario M5E 1A4
September 1, 1984

The Honourable John Black Aird, O.C., Q.C., B.A., LL.D.
The Lieutenant Governor of Ontario
Queen's Park
Toronto, Ontario M7A 1A1

Your Honour,

The 58th Report and Financial Statements of the Liquor Control Board of Ontario are submitted herewith pursuant to Section 7 of the Liquor Control Act, R.S.O. 1980, as well as the report of the Provincial Auditor.

This report summarizes the Board's activities during the fiscal year ended March 31, 1984 and includes operational highlights for the year.

After decades of continuous growth, total sales volume declined for the first time and was 3.1% less than the previous year. The largest volume decrease was in the spirits category, as spirit sales dropped to their lowest level in ten years. Total sales of \$1.5 billion through Board stores did increase by 2.6% but this was still below the inflation rate as consumers spent less on discretionary items such as alcohol beverages.

Adherence by the Board to the provincial restraint program, together with a strong effort to control costs, resulted in total expenditures increasing only 1.6% over the previous year. Construction costs of the new Whitby Warehouse were \$39 million, representing 19% of all Board expenditures. This major project is nearing completion and it is expected the warehouse will be fully operational in the coming year.

Also of significance was the new emphasis and commitment placed on the strategic planning process to assist the Board in carrying out its responsibilities as a business oriented Crown Corporation.

The period under review in this Report was prior to my assuming office as Chairman. I would like to take this opportunity to pay a special tribute to my predecessor, William J. Bosworth, for his fine record in his tenure as Chairman.

I would like to thank the dedicated employees of the Board for their support and contribution to a successful and efficient operation during the past year.

A warm acknowledgement is also extended to the Part-time Board Members, F.H.S. Hooper, R.D. Rowe, J.M. Thompson and F.A. MacInnis, General Manager, and all Executives for their assistance and achievements over the past year.

I have the honour to be, Sir,

Your Obedient Servant,
J.W. Ackroyd
Chairman

Sales

Total sales of spirits, wine and beer by Board stores during the fiscal year ended March 31, 1984 were \$1,504,737,798. Of this total \$215,054,688 or 14.3% consisted of sales to licensed establishments. Sales of Ontario wine made directly to customers by licensed retail wine stores and wineries in Ontario amounted to \$41,188,188. The net value of beer sold in Ontario by breweries and brewers' retail outlets, exclusive of the cost of containers, totalled \$1,084,471,141.

The following tables show increases (decreases) in sales for the fiscal year under review as compared with the previous year's totals:

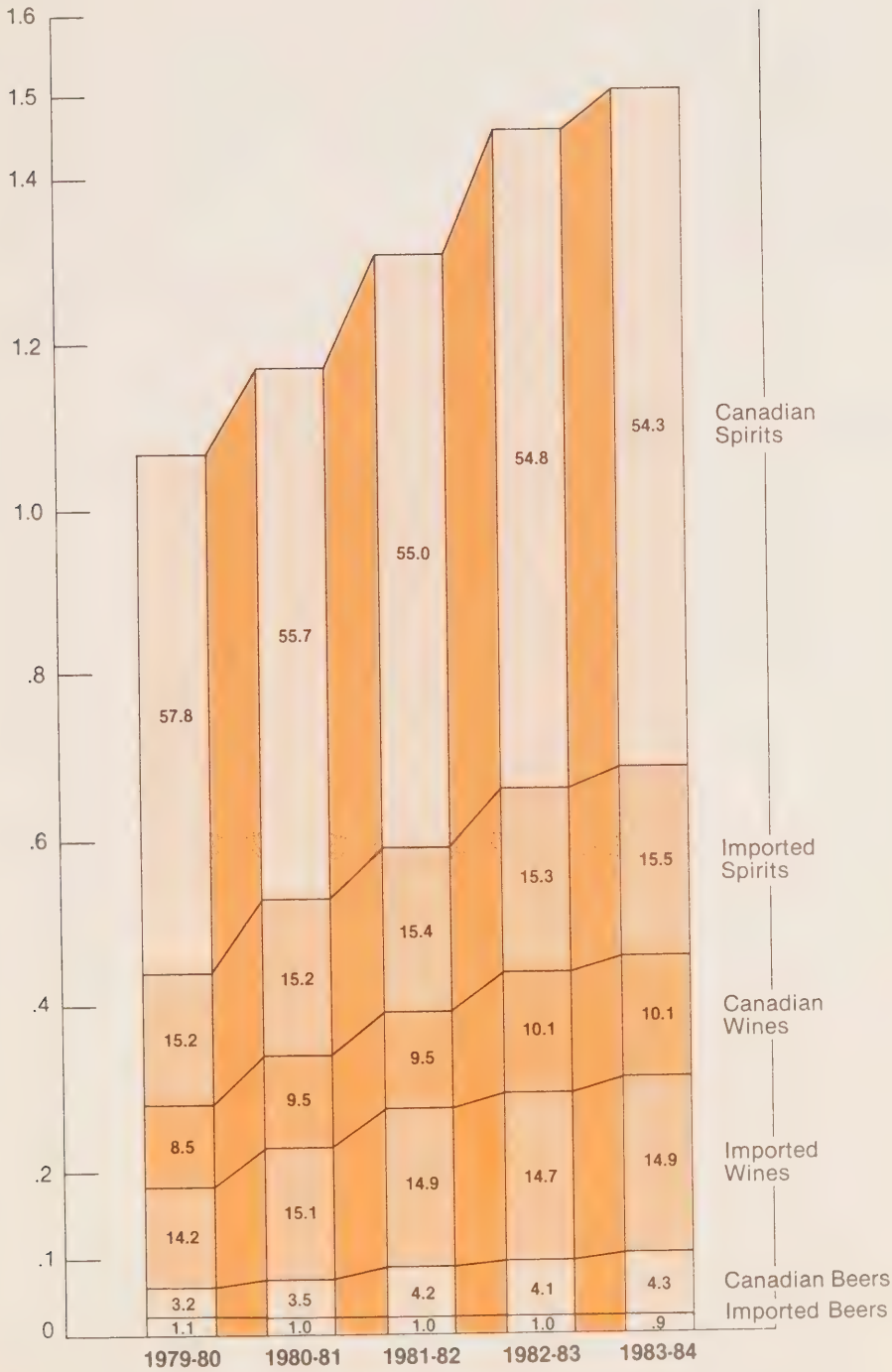
Sales by Value

	Fiscal Year Ended March 31, 1984	Fiscal Year Ended March 31, 1983	Increase (Decrease)
Sales by Board Stores			
Canadian Spirits	\$ 817,966,606	\$ 804,568,205	\$ 13,398,401
Imported Spirits	233,382,219	224,852,963	8,529,256
*Canadian Wines	151,299,922	148,027,970	3,271,952
Imported Wines	224,054,741	215,182,624	8,872,117
Canadian Beers	64,938,932	60,471,657	4,467,275
Imported Beers	13,095,378	14,193,412	(1,098,034)
Total Sales by Board Stores	\$1,504,737,798	\$1,467,296,831	\$ 37,440,967
Sales by Ontario Wineries and Winery Stores	\$ 41,188,188	\$ 32,792,391	\$ 8,395,797
Sales by Breweries and Brewers' Retail Stores (exclusive of container value)	\$1,084,471,141	\$ 982,557,438	\$101,913,703

*Includes Ontario wine sales of \$143,777,242 during fiscal year ended March 31, 1984 compared with \$138,973,130 during previous year.

Dollar Sales By Category: Percent of Total 1979-80 to 1983-84

\$ Billion



Sales by Gallons

	Fiscal Year Ended March 31, 1984	Fiscal Year Ended March 31, 1983	Increase (Decrease)
Sales by Board Stores			
Canadian Spirits	11,741,172	12,581,818	(840,646)
Imported Spirits	2,739,644	2,856,267	(116,623)
*Canadian Wines	7,341,123	7,866,489	(525,366)
Imported Wines	8,373,152	8,026,021	347,131
Canadian Beers	7,826,641	7,754,093	72,548
Imported Beers	1,293,017	1,371,048	(78,031)
Total Sales by Board Stores	39,314,749	40,455,736	(1,140,987)
 Sales by Ontario Wineries and Winery Stores	 2,055,997	 1,800,966	 255,031
 Sales by Breweries and Brewers' Retail Stores	 161,818,396	 158,924,666	 2,893,730

*Includes Ontario wine sales of 6,981,939 gallons during fiscal year ended March 31, 1984 compared with 7,426,044 gallons during previous fiscal year.

Gallon Sales By Category: Percent of Total
1979-80 to 1983-84

Million
Gallons



Revenue Payments

Levies on beverage alcohol sold in the province during the year contributed an amount in excess of \$1 billion to the Treasurer of Ontario. Also, revenue paid to the Government of Canada exceeded \$500 million for the first time. These amounts do not include corporation, realty and business taxes paid by the distilleries, wineries, breweries and licence holders. Ontario retail sales tax collected by licence holders and agency stores on sales of beverage alcohol is also excluded from these figures.

A summary of these revenue payments is as follows:

Treasurer of Ontario

Remitted by the Liquor Control Board		
—on account of profits	\$520,000,000	
—Ontario retail sales tax on sales through liquor stores	148,000,522	
	<u>668,000,522</u>	
Remitted by the Liquor Licence Board		
—on account of licence fees and permits	236,239,520	
Remitted by Others		
—Ontario retail sales tax on sales through brewers' retail stores and retail wine stores	96,479,712	\$1,000,719,754

Receiver General For Canada

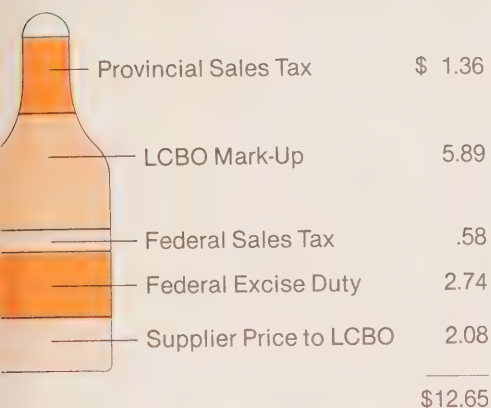
Paid by the Board		
—Customs and Excise Duties	260,882,175	
—Federal sales tax on spirits, wines and imported beers	72,877,817	
	<u>333,759,992</u>	
Paid by Others		
—Malt duties and taxes on domestic beers and wines	242,613,356	576,373,348

Ontario Municipalities

Paid by the Board		
—Grants in lieu of realty and business taxes		3,291,072
		<u>\$1,580,384,174</u>

Retail Price Breakdown Examples As At March 31, 1984

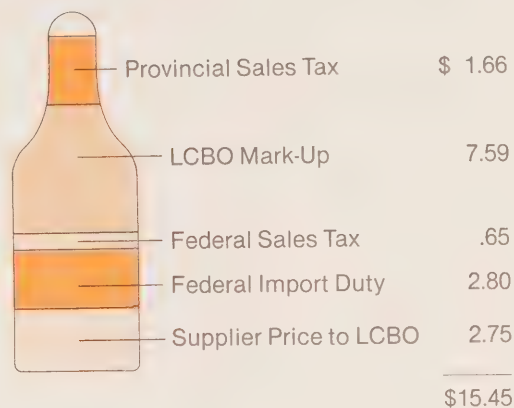
Domestic Spirit—710 mL Bottle (25 oz.)



Summary

Supplier	2.08
Federal Government	3.32
Provincial Government	7.25
	<hr/> 12.65 <hr/>

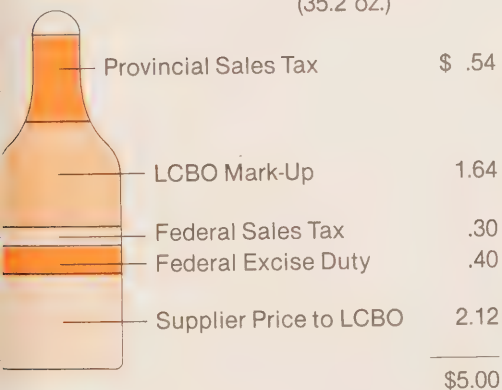
Imported Spirit—710 mL Bottle (25 oz.)



Summary

Supplier	2.75
Federal Government	3.45
Provincial Government	9.25
	<hr/> 15.45 <hr/>

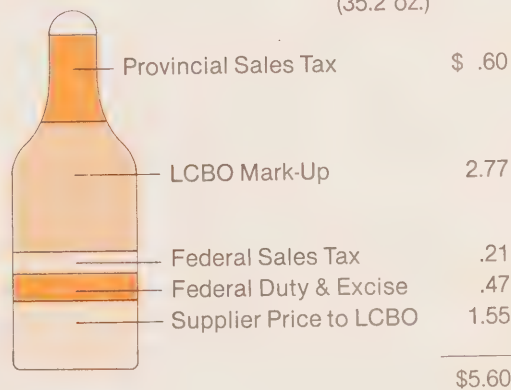
Ontario Table Wine—1 Litre Bottle (35.2 oz.)



Summary

Supplier	2.12
Federal Government	.70
Provincial Government	2.18
	<hr/> 5.00 <hr/>

Imported Table Wine—1 Litre Bottle (35.2 oz.)



Summary

Supplier	1.55
Federal Government	.68
Provincial Government	3.37
	<hr/> 5.60 <hr/>

Financial Statements

LIQUOR CONTROL BOARD OF ONTARIO
(Incorporated under the Liquor Control Act)

Balance Sheet

March 31, 1984

ASSETS

	1984	1983
	\$	\$
Current		
Cash	46,374,698	20,300,802
Accounts receivable, trade and others	1,203,631	3,550,497
Inventories, at cost	122,396,480	129,242,615
Prepaid expenses	1,323,094	959,793
	171,297,903	154,053,707
Fixed (note 1)	1	1
	<u>171,297,904</u>	<u>154,053,708</u>

LIABILITIES AND RETAINED INCOME

Current		
Accounts payable and accrued liabilities	83,529,499	88,400,471
Retained income	87,768,405	65,653,237
	<u>171,297,904</u>	<u>154,053,708</u>

See accompanying notes to financial statements.

Approved: J. W. ACKROYD, F. A. MacINNIS,
Chairman General Manager

Audit Report

To the Liquor Control Board of Ontario and
to the Minister of Consumer and Commercial Relations

I have examined the balance sheet of the Liquor Control Board of Ontario as at March 31, 1984 and the statements of income and retained income for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Board as at March 31, 1984 and the results of its operations for the year then ended in accordance with the basis of accounting described in Note 1 to the financial statements, applied on a basis consistent with that of the preceding year.

A report on the audit has been made to the Board and to the Minister.

Toronto, Ontario
September 5, 1984.

D.F. Archer, F.C.A.,
Provincial Auditor.

LIQUOR CONTROL BOARD OF ONTARIO

Statement of Income

Year ended March 31, 1984

	1984	1983
	\$	\$
Sales	1,504,737,798	1,467,296,832
Cost of sales	761,275,680	746,512,482
Gross income	743,462,118	720,784,350
Operating expenses		
Salaries and employee benefits	124,221,379	117,741,756
Rent	14,780,764	13,302,381
Repairs and maintenance	3,131,979	3,441,950
Grants in lieu of taxes	3,291,072	3,169,968
Utilities	4,161,295	3,479,299
Packing material	1,856,435	1,961,064
Stationery	1,086,999	1,041,593
Travelling	569,650	510,480
Stock breakage and losses	1,397,202	1,500,275
Agency commissions and expenses	933,961	878,742
Armoured car services	1,110,300	932,393
Security services	171,941	121,367
Equipment rental and supplies	636,042	692,853
Telephone and telegraph	634,022	566,125
Other	5,231,820	4,040,801
Fixed assets	44,292,718	50,761,698
	207,507,579	204,142,745
Operating income	535,954,539	516,641,605
Other income		
Special occasion permit purchase fees	3,801,214	3,704,226
Interest on bank balances	678,810	1,829,559
Miscellaneous income	1,680,605	1,052,596
	6,160,629	6,586,381
Net income for the year	542,115,168	523,227,986

See accompanying notes to financial statements.

LIQUOR CONTROL BOARD OF ONTARIO

Statement of Retained Income

Year ended March 31, 1984

	1984	1983
	\$	\$
Balance, beginning of year	65,653,237	75,425,251
Add net income for the year	542,115,168	523,227,986
	607,768,405	598,653,237
Deduct payments to the Treasurer of Ontario on account of net income	520,000,000	533,000,000
Balance, end of year	87,768,405	65,653,237

See accompanying notes to financial statements.

LIQUOR CONTROL BOARD OF ONTARIO

Notes to Financial Statements

March 31, 1984

1. SIGNIFICANT ACCOUNTING POLICY

Basis of Accounting

The Board's financial statements are prepared in accordance with generally accepted accounting principles except for fixed assets which are written off to operations at the time of acquisition and carried on the books at a nominal value of \$1.00.

2. SELF-INSURANCE

The Board follows the policy of self-insuring its store assets for property damage such as fire, water and vandalism or theft.

3. FIXED ASSETS

The total accumulated costs of fixed assets at year end, less disposals, are as follows:

	1984	1983
	\$	\$
Land	10,407,527	10,223,942
Buildings	58,741,368	55,439,169
Construction in progress		
(Distribution Warehouse—Whitby) (note 4)	91,823,390	52,753,588
Furniture and equipment	11,224,530	11,076,053
Leasehold improvements	10,821,735	10,881,563
	183,018,550	140,374,315

4. CONSTRUCTION IN PROGRESS: DISTRIBUTION WAREHOUSE—WHITBY

The Board is building a new automated warehouse in Whitby, Ontario with total costs estimated at \$108,000,000 through the calendar year 1984. Details of the expenditures are as follows:

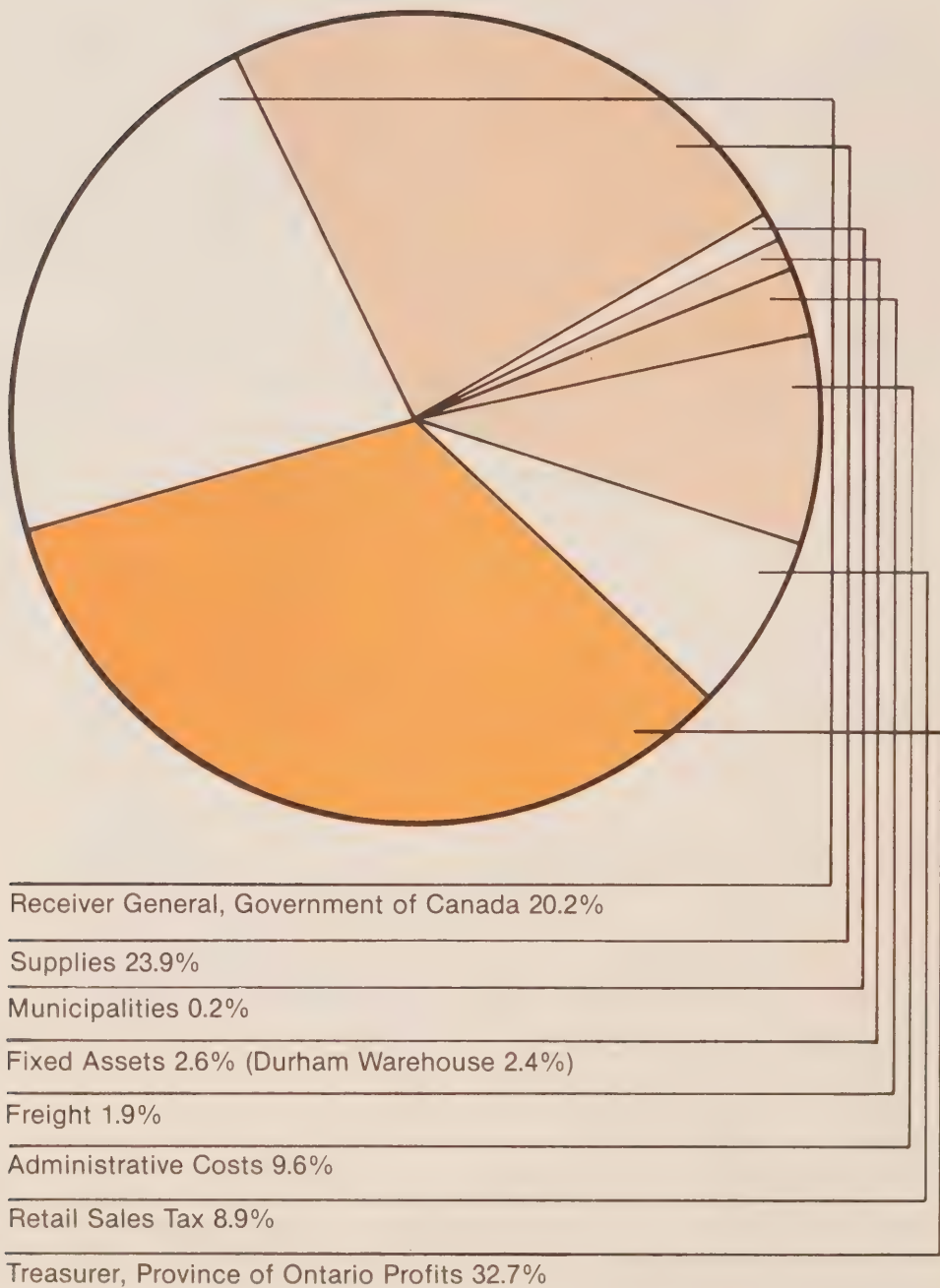
	1984	1983
	\$	\$
Land	3,026,013	3,026,013
Building	88,729,420	49,711,194
Furniture and equipment	67,957	16,381
	<u>91,823,390</u>	<u>52,753,588</u>
Pallets	2,065,763	495,501
Estimated cost to complete	14,110,847	54,750,911
	<u>108,000,000</u>	<u>108,000,000</u>

5. LEASE COMMITMENTS

The Board is committed under operating leases on leased premises with future minimum rental payments due as follows:

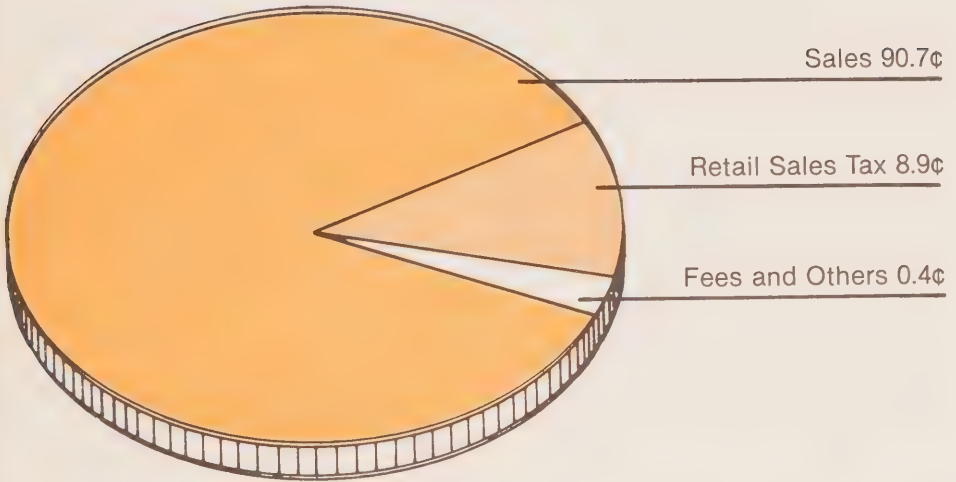
	\$
1985	11,200,000
1986	9,000,000
1987	7,900,000
1988	6,700,000
1989	5,400,000
Thereafter	<u>16,500,000</u>
	<u>56,700,000</u>

Liquor Control Board of Ontario Distribution of Gross Revenue 1983-1984

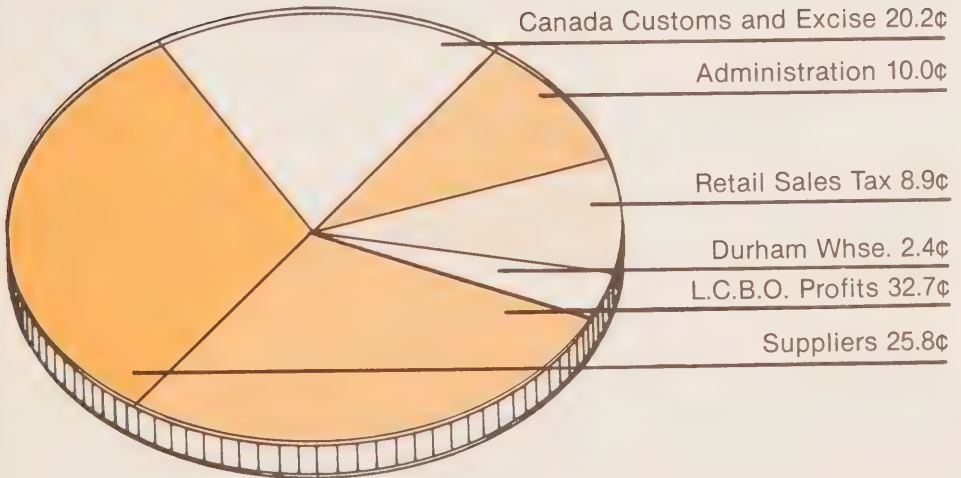


The L.C.B.O. Dollar 1983-1984

Where it came from



How it was spent



Retail Division— Store Operations

Board Stores

The Board operated 602 facilities during the year including the Toronto distribution depot, two duty-free stores at the Pearson International Airport and two rare wine and spirits stores.

Four new outlets were opened at the following locations:

October 31, 1983	174 Catherine Street North, Hamilton (D.D.) L8L 4S5
November 4, 1983	P.O. Box 219, Hwy. 69, Alban (S.S.) P0M 1A0
November 16, 1983	408 Lyndock Street, Corrunna (S.S.) N0N 1G0
January 16, 1984	620 Arthur Street West, Thunder Bay (S.S.) P7E 5R8

(D.D.) denotes distribution depot

(S.S.) denotes self-serve

The following two stores were relocated and converted to self-serve operations during the year.

Store	From	To
51	21 Woolwich Street	55 Wyndham Street North, Guelph N1H 7T8
89	431 Valois Drive	450 Valois Drive, Mattawa P0H 1V0

Other changes to store operations during the year included the converting of an additional 12 conventional Board stores to self-serve operations at their existing locations and the closing of three stores:

Store	Location
35	2080 Wyandotte Street West, Windsor
187	5826 Main Street North, Niagara Falls
234	6 Glen Watford Drive, Agincourt

In keeping with the Board's policy of conversion to self-serve operations, there were 500 self-serve stores at March 31, 1984 representing 83 per cent of the Board's total number of stores at fiscal year-end.

Agency Stores

During the year two agency stores were reopened and six agency stores changed ownership. At March 31, 1984, there were 69 agency stores in operation.

Breweries and Brewers' Retail Stores

The number of stores in operation as of March 31, 1984 remained unchanged from last year, at 445.

Sales by Breweries to Other Provinces and Countries (in gallons)

	1984	1983	1982	1981	1980
Sales to Other Provinces	300,638	440,726	379,517	407,444	350,064
Export Sales	25,198,834	23,329,790	21,687,065	21,435,453	22,404,473
	25,499,472	23,770,516	22,066,582	21,842,897	22,754,537

All brands of beer produced by the 16 breweries which are licensed to sell beer in Ontario were analyzed on a rotational basis by the Board, as in previous years. This quality control process ensured that beer sold in the province conforms with the regulations passed pursuant to The Food and Drug Act of Canada, 1953, and the standards set by the Board.

Wineries and Winery Retail Stores

With the granting of Ontario wine licences to Reif Winery Inc., Niagara-on-the-Lake, April 1, 1983 and Pelee Island Winery Inc., Kingsville on June 27, 1983, the number of wineries in operation at fiscal year-end was 14.

There was a net increase of 24 winery retail stores during the year as a total of 178 wine stores (112 regular and 66 mini stores) were in operation throughout Ontario at March 31, 1984.

Sales by Wineries to Other Provinces and Countries

(in gallons)

	1984	1983	1982	1981	1980
Sales to Other Provinces	1,442,609	1,794,434	2,204,887	2,005,301	2,360,801
Export Sales	33,832	85,437	157,907	122,225	42,049
	<u>1,476,441</u>	<u>1,879,871</u>	<u>2,362,794</u>	<u>2,127,526</u>	<u>2,402,850</u>

The tonnage of Ontario grapes and apples used by the various Ontario wineries over the past five years is as follows:

	1984	1983	1982	1981	1980
Grapes used in the manufacture of wine	49,748	36,103	35,741	40,241	43,011
Grapes used in the manufacture of concentrate	4,257	1,326	2,898	4,331	1,252
Apples used in the manufacture of cider	417	552	164	588	376
	<u>54,422</u>	<u>37,981</u>	<u>38,803</u>	<u>45,160</u>	<u>44,639</u>

The following quantities of wine (in gallons) were imported for blending in accordance with the conditions of the Wine Content Act, 1976:

1984	1983	1982	1981	1980
<u>914,360</u>	<u>786,395</u>	<u>843,078</u>	<u>675,446</u>	<u>414,143</u>

Warehousing and Distribution Division

The dominant activity of the Warehouse Division during the past fiscal year continued to be the Whitby Warehouse project. Activity progressed during the year with only minor delays in the schedule and at year-end the project was running under budget. The building construction was completed with the exception of corrections to minor deficiencies. The material handling equipment was installed ready for testing and commissioning. The employee relocation program continued smoothly as the warehouse management team assignments have been made and this staff has assumed their positions at the warehouse. During the current fiscal year the total project will be completed and the warehouse will be in full operation.

Total shipment activity for the year from the Board's distribution warehouses to retail stores was 12,497,000 cases. This represents a decline of 3.8% which is consistent with the decrease in store sales for the year.

Products Division

The Liquor Control Board of Ontario lists products from most countries of the world. This varied selection, as listed below, is regarded internationally among the best available.

The method of ordering imported products by the Products Division changed during the year as a prototype forecasting—ordering system was introduced for fast moving products. Future plans are for an expansion of this system to all imported brands as average inventory levels have been reduced and inventory turnover and service levels improved.

Laboratory analysis continued as an important function of the Products Division. All alcoholic beverages sold in Ontario were analyzed for compliance with Federal and Provincial regulations and 5,175 samples were tested. An instrument was purchased to electronically measure clarity of products and clarity standards are being established. Modern technology is also being used in the determination of trace elements in samples. Use of a new atomic absorption instrument is being evaluated with a view to providing a fully automated analysis of these important quality control criteria.

L.C.B.O. Product Listings as at March 31, 1984

Domestic		Imported	
Canadian Whisky	175	Whisky—Scotch	79
Canadian Blended Rums	108	—Irish	2
Canadian Gin	67	—Bourbon	5
Canadian Vodka	72	—Tennessee	2
Canadian Brandy	7	Gin	11
Canadian Blended Brandy	15	Rum	18
Alcohol	5	Vodka	7
Fruit Spirits	5	Tequila	5
Miscellaneous Liquors	9	Brandy	53
Canadian Liqueurs	117	Fruit Spirits	6
Ontario Wine	550	Miscellaneous Liquors	18
Other Canadian Wine	17	Liqueurs	58
Canadian Cider	7	Wine	720
Canadian Beer	166	Cider	2
Specialty Items	1	Beer & Sake	23
		Specialty Items	29
	<u>1,321</u>		<u>1,038</u>
Total Regular Listings		2,359	
Rare Wine and Spirits		510	
Duty Free Listings		57	
Total Product Listings		<u>2,926</u>	

Personnel

The number of Board members and permanent employees of the various divisions of the Board is as follows:

	March 31, 1984	March 31, 1983
Board Members	<u>4</u>	<u>5</u>
Staff of Departments		
Chairman's Office	1	1
General Manager	23	22
Accounting	59	58
Audit	42	45
Bottling	19	20
Building Maintenance	13	16
Data Processing	43	46
Distribution Analysis	7	7
Laboratory	10	10
Legal	2	2
Mail & Multigraph	8	8
Personnel	24	24
Planning	5	5
Product Administration	28	30
Properties Management	15	15
Purchasing	2	2
Records Management	4	4
Security Services	3	5
Stores	2,725	2,757
Store Operations	46	43
Warehouses	341	340
Warehouse Administration	<u>16</u>	<u>16</u>
	<u>3,436</u>	<u>3,476</u>

In addition there were 1,977 temporary employees as of March 31, 1984 and of this total 1,951 were employed in Board stores compared to 1,841 temporary employees as at March 31, 1983 of which 1,815 were employed in Board stores.

CA2FN
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- R26

59th

Report

LIQUOR CONTROL BOARD OF ONTARIO

APRIL 1, 1984
to MARCH 31, 1985



59th Report

LIQUOR CONTROL BOARD OF ONTARIO

APRIL 1, 1984
to MARCH 31, 1985

Formed in 1927, the Liquor Control Board of Ontario was incorporated as a Crown Corporation under The Liquor Control Act, 1975. The Board regulates the sale and transportation of liquor throughout the province and establishes stores for the sale of liquor to the public. Also, it purchases products for sale to the public and maintains quality control over those products.

Liquor Control Board of Ontario
55 Lakeshore Boulevard East
Toronto, Ontario
M5E 1A4



Ontario

Highlights

	1985	1984	1983
	(\$000)	(\$000)	(\$000)
Sales	\$1,599,337	\$1,504,738	\$1,467,296
Increase in %/ previous year	6.2%	2.6%	10.4%
	(\$000)	(\$000)	(\$000)
Operating expenses	\$ 179,850	\$ 207,507	\$ 204,142
% of expenses/sales	11.2%	13.8%	13.9%
	(\$000)	(\$000)	(\$000)
Net income	\$ 604,282	\$ 542,115	\$ 523,228
% of income/sales	37.8%	36.0%	35.6%
Self-serve stores in operation	519	500	481
Total stores in operation	610	602	601
Number of permanent employees	3,412	3,436	3,476
Number of regular products listed	2,527	2,359	2,347

Liquor Control Board of Ontario

55 Lake Shore Boulevard East
Toronto, Ontario M5E 1A4
September 9, 1985

The Honourable John Black Aird, O.C., Q.C., B.A., LL.D.
The Lieutenant Governor of Ontario
Queen's Park
Toronto, Ontario M7A 1A1

Your Honour,

The 59th Report and Financial Statements of the Liquor Control Board of Ontario, as well as the Report of the Provincial Auditor, are submitted herewith pursuant to Section 7 of the Liquor Control Act, R.S.O. 1980.

This report summarizes the Board's activities during the fiscal year ended March 31, 1985 and includes operational highlights for the year.

Financial results showed an improvement over the previous year. Sales through Board stores increased 6.2% in value and 5.7% in volume. Despite these modest increases, Canadian spirits experienced another year of declining sales volume, and imported wines again were the largest growth category.

A four week labour dispute closed major breweries in the province during most of March, 1985. In response to public demand for the continuation of beer supplies, the Board increased importations of American and Overseas beers and sales of these products rose substantially during this period.

Total expenditures decreased 13.3% compared to the previous year mainly because of significantly lower construction costs this year for the new Distribution Warehouse in Whitby. The aforementioned increase in sales and decrease in expenditures enabled the Board to remit \$602 million to the Treasurer of Ontario and thus exceed \$600 million in profit transfers for the first time.

A review of the Board's senior management structure was undertaken in late 1984. As a result, divisions of the Board were grouped in a re-organization to reflect the quite distinct needs of the operations and administrative support functions. I believe this will improve the co-ordination of operations and administrative planning while providing a framework to more clearly establish management decision making.

A concerted effort was put forth during the year by all divisions and senior executives on the strategic planning process. This work, culminated with the publication of the Board's Statement of Purpose and our first set of goals and objectives for the ensuing year, represents a commitment to programs that will improve our service, productivity and employee relations.

I would like to recognize and acknowledge the contributions made by all employees of the Board towards the success of the past year. The full and part-time Board Members—U.O. Ferdinand, Vice Chairman, F.H.S. Hooper, R.D. Rowe, J.M. Thompson, also deserve a special thanks for their assistance and support.

I have the honour to be, Sir,

Your Obedient Servant,
J.W. Ackroyd
Chairman

Sales

Total sales of spirits, wine and beer by Board stores during the fiscal year ended March 31, 1985 were \$1,599,336,547. Of this total \$244,348,182 or 15.3% consisted of sales to licensed establishments. Sales of Ontario wine made directly to customers by licensed retail wine stores and wineries in Ontario amounted to \$42,879,151. The net value of beer sold in Ontario by breweries and brewers' retail outlets, exclusive of the cost of containers, totalled \$1,119,288,929.

The following tables show increases (decreases) in sales for the fiscal year under review as compared with the previous year's totals:

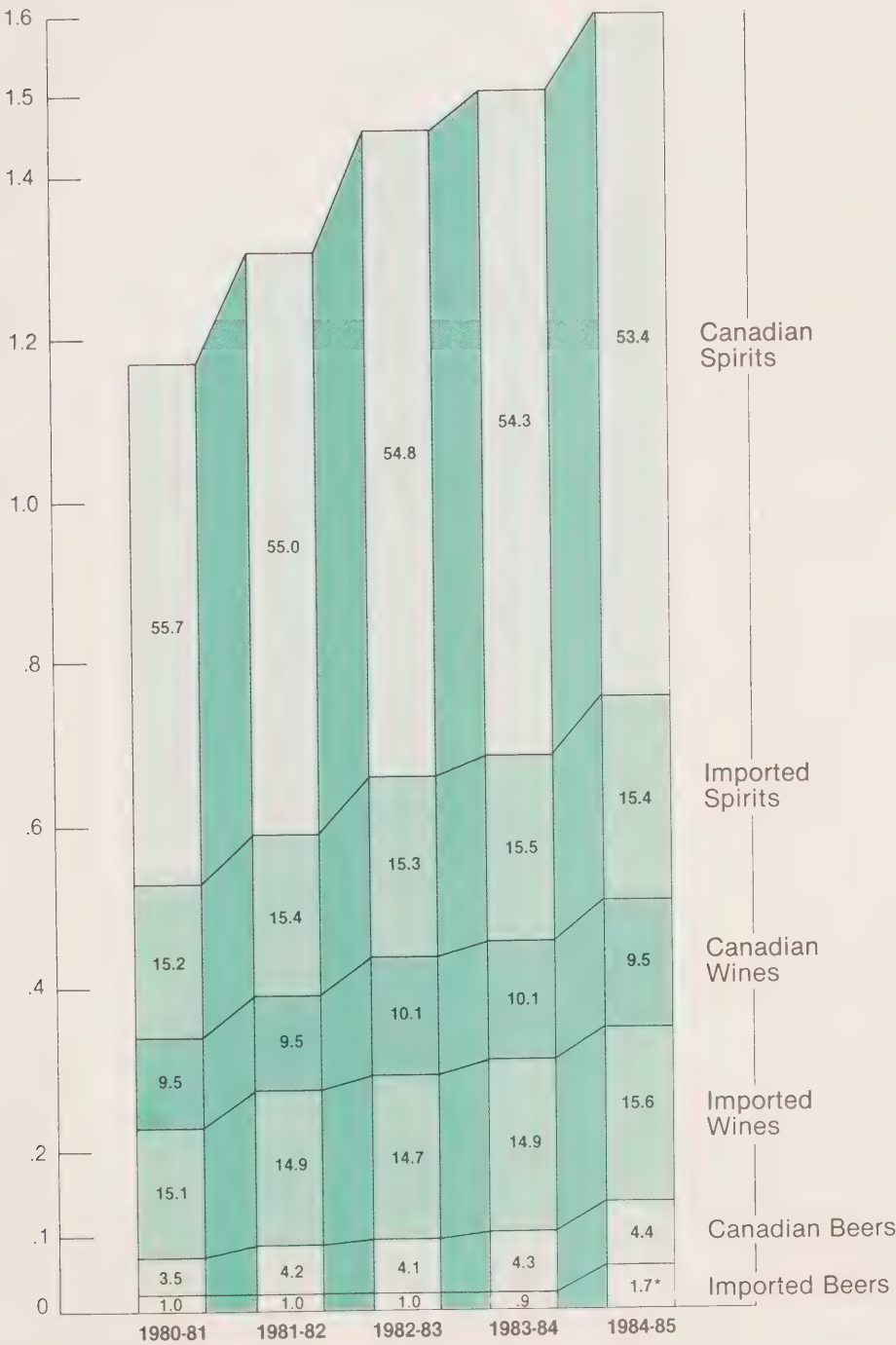
Sales by Value

	Fiscal Year Ended March 31, 1985	Fiscal Year Ended March 31, 1984	Increase (Decrease)
Sales by Board Stores			
Canadian Spirits	\$ 853,542,873	\$ 817,966,606	\$ 35,576,267
Imported Spirits	245,323,086	233,382,219	11,940,867
*Canadian Wines	152,007,096	151,299,922	707,174
Imported Wines	250,011,928	224,054,741	25,957,187
Canadian Beers	70,317,316	64,938,932	5,378,384
Imported Beers	28,134,248	13,095,378	15,038,870
Total Sales by Board Stores	<u>\$1,599,336,547</u>	<u>\$1,504,737,798</u>	<u>\$ 94,598,749</u>
 Sales by Ontario Wineries and Winery Stores			
	<u>\$ 42,879,151</u>	<u>\$ 41,188,188</u>	<u>\$ 1,690,963</u>
 Sales by Breweries and Brewers' Retail Stores (exclusive of container value)			
	<u>\$1,119,288,929</u>	<u>\$1,084,471,141</u>	<u>\$ 34,817,788</u>

*Includes Ontario wine sales of \$145,831,643 during fiscal year ended March 31, 1985 compared with \$143,777,242 during previous year.

Dollar Sales By Category: Percent of Total 1980-81 to 1984-85

\$ Billion



*The increase in imported beer sales is attributable to the labour dispute which closed the major breweries in Ontario for most of March 1985.

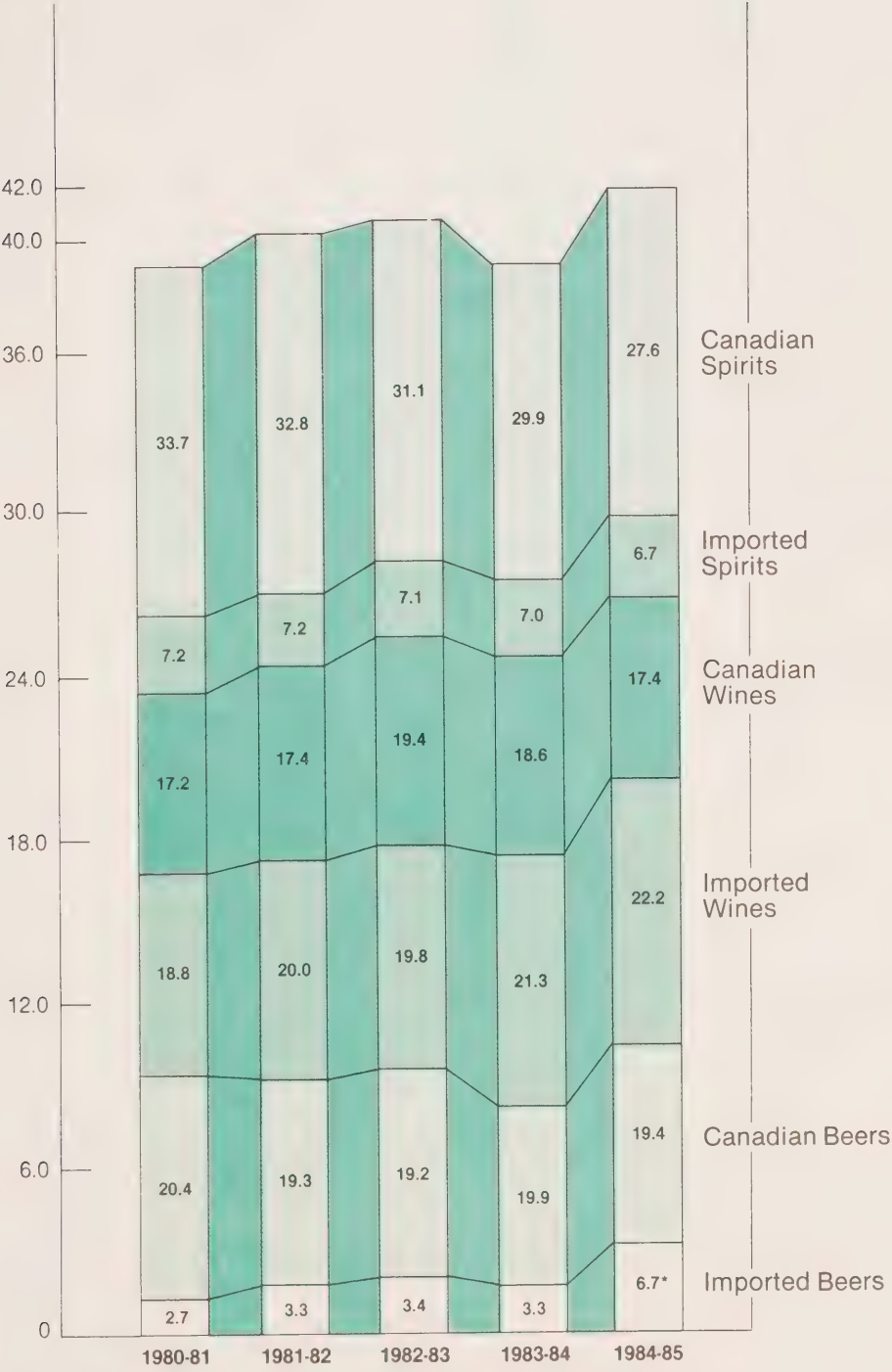
Sales by Gallons

	Fiscal Year Ended March 31, 1985	Fiscal Year Ended March 31, 1984	Increase (Decrease)
Sales by Board Stores			
Canadian Spirits	11,482,374	11,741,172	(258,798)
Imported Spirits	2,766,929	2,739,644	27,285
*Canadian Wines	7,255,260	7,341,123	(85,863)
Imported Wines	9,235,162	8,373,152	862,010
Canadian Beers	8,057,134	7,826,641	230,493
Imported Beers	2,781,714	1,293,017	1,488,697
Total Sales by Board Stores	41,578,573	39,314,749	2,263,824
Sales by Ontario Wineries and Winery Stores	2,184,546	2,055,997	128,549
Sales by Breweries and Brewers' Retail Stores	157,533,463	161,818,396	(4,284,933)

*Includes Ontario wine sales of 6,967,504 gallons during fiscal year ended March 31, 1985 compared with 6,981,939 gallons during previous fiscal year.

Gallon Sales By Category: Percent of Total 1980-81 to 1984-85

Million
Gallons



*The increase in imported beer sales is attributable to the labour dispute which closed the major breweries in Ontario for most of March 1985.

Revenue Payments

Levies on beverage alcohol sold in the province during the year contributed an amount in excess of \$1.1 billion to the Treasurer of Ontario. Revenue paid to the Government of Canada exceeded \$600 million for the first time. These amounts do not include corporation, realty and business taxes paid by the distilleries, wineries, breweries and licence holders. Ontario retail sales tax collected by licence holders and agency stores on sales of beverage alcohol is also excluded from these figures.

A summary of these revenue payments is as follows:

Treasurer of Ontario

Remitted by the Liquor Control Board		
—on account of profits	\$602,000,000	
—Ontario retail sales tax on sales through liquor stores	158,677,234	
	<u>760,677,234</u>	
Remitted by the Liquor Licence Board		
—on account of licence fees and permits	252,739,250	
Remitted by Others		
—Ontario retail sales tax on sales through brewers' retail stores and retail wine stores	102,045,659	\$1,115,462,143

Receiver General For Canada

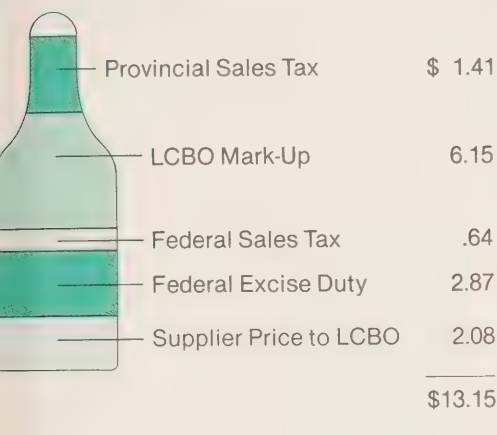
Paid by the Board		
—Customs and Excise Duties	295,534,053	
—Federal sales tax on spirits, wines and imported beers	87,995,438	
	<u>383,529,491</u>	
Paid by Others		
—Malt duties and taxes on domestic beers and wines	223,281,184	606,810,675

Ontario Municipalities

Paid by the Board		
—Grants in lieu of realty and business taxes		4,015,701
		<u>\$1,726,288,519</u>

Retail Price Breakdown Examples As At March 31, 1985

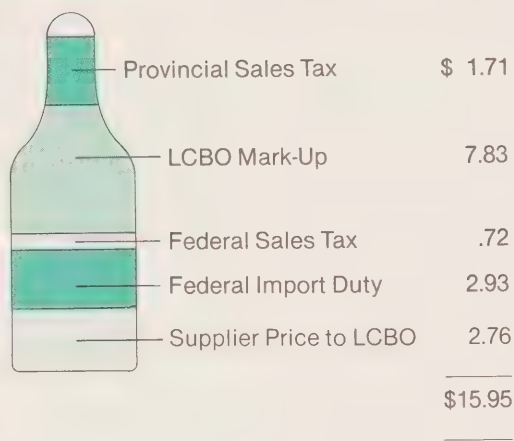
Domestic Spirit—710 mL Bottle (25 oz.)



Summary

Supplier	2.08
Federal Government	3.51
Provincial Government	7.56
	<hr/>
	13.15

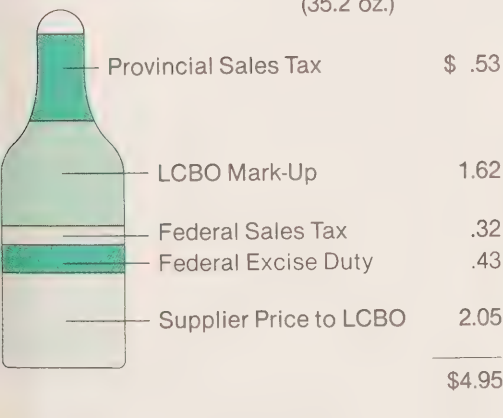
Imported Spirit—710 mL Bottle (25 oz.)



Summary

Supplier	2.76
Federal Government	3.65
Provincial Government	9.54
	<hr/>
	15.95

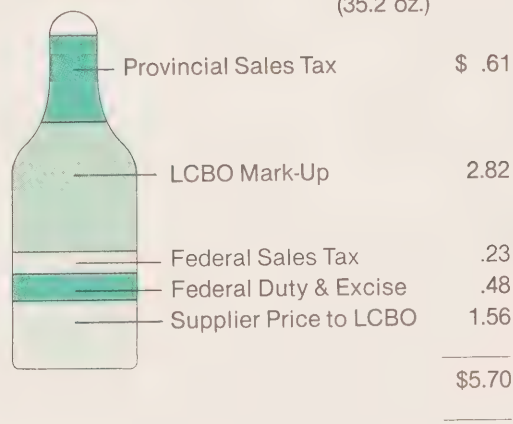
Ontario Table Wine—1 Litre Bottle (35.2 oz.)



Summary

Supplier	2.05
Federal Government	.75
Provincial Government	2.15
	<hr/>
	4.95

Imported Table Wine—1 Litre Bottle (35.2 oz.)



Summary

Supplier	1.56
Federal Government	.71
Provincial Government	3.43
	<hr/>
	5.70

Financial Statements

LIQUOR CONTROL BOARD OF ONTARIO
(Incorporated under the Liquor Control Act)

Balance Sheet

March 31, 1985

ASSETS

	1985 (\$'000)	1984 (\$'000)
Current		
Cash	20,139	46,375
Accounts receivable, trade and others	2,862	1,204
Inventories, at cost	186,272	122,396
Prepaid expenses	958	1,323
	<u>210,231</u>	<u>171,298</u>

LIABILITIES AND RETAINED INCOME

Current		
Accounts payable and accrued liabilities	120,181	83,530
Retained income	<u>90,050</u>	<u>87,768</u>
	<u>210,231</u>	<u>171,298</u>

See accompanying notes to financial statements.

Approved:

J.W. ACKROYD,
Chairman

F.A. MacINNIS
Executive Vice-President,
Administration

Audit Report

To the Liquor Control Board of Ontario and
to the Minister of Consumer and Commercial Relations.

I have examined the balance sheet of the Liquor Control Board of Ontario as at March 31, 1985 and the statements of income and retained income for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Board as at March 31, 1985 and the results of its operations for the year then ended in accordance with the basis of accounting described in note 1 to the financial statements applied on a basis consistent with that of the preceding year.

A report on the audit will be made to the Board and to the Minister.

Toronto, Ontario,
September 6, 1985.

D.F. Archer, F.C.A.,
Provincial Auditor.

LIQUOR CONTROL BOARD OF ONTARIO

Statement of Income

Year ended March 31, 1985

	1985	1984
	(\$'000)	(\$'000)
Sales	1,599,337	1,504,738
Cost of sales	821,552	761,276
Gross income	777,785	743,462
Operating expenses		
Salaries and employee benefits	131,886	124,221
Rent	15,402	14,781
Fixed assets	7,176	44,293
Utilities	4,237	4,161
Store supplies and expenses	4,226	3,454
Grants in lieu of taxes	4,016	3,291
Repairs and maintenance	3,394	3,132
Office supplies and expenses	2,216	2,080
Communication and travelling	1,910	1,663
Stock breakage and losses	1,472	1,397
Armoured car services	1,140	1,110
Agency commissions and expenses	996	934
Other	1,779	2,990
	179,850	207,507
Operating income	597,935	535,955
Other income		
Special occasion permit purchase fees	3,618	3,801
Interest on bank balances	1,127	679
Miscellaneous income	1,602	1,680
	6,347	6,160
Net income for the year	604,282	542,115

See accompanying notes to financial statements.

LIQUOR CONTROL BOARD OF ONTARIO

Statement of Retained Income

Year ended March 31, 1985

	1985 (\$'000)	1984 (\$'000)
Balance, beginning of year	87,768	65,653
Add net income for the year	604,282	542,115
	692,050	607,768
Deduct payments to the Treasurer of Ontario on account of net income	602,000	520,000
Balance, end of year	90,050	87,768

See accompanying notes to financial statements.

LIQUOR CONTROL BOARD OF ONTARIO

Notes to Financial Statements

March 31, 1985

1. SIGNIFICANT ACCOUNTING POLICY

Basis of Accounting

The Board's financial statements are prepared in accordance with generally accepted accounting principles except for fixed assets which are written off to operations at the time of acquisition and carried on the books at a nominal value of \$1.

2. SELF-INSURANCE

The Board follows the policy of self-insuring its store assets for property damage such as fire, water and vandalism or theft.

3. FIXED ASSETS

The total accumulated costs of fixed assets at year end, less disposals, are as follows:

	1985 (\$'000)	1984 (\$'000)
Land	13,915	13,434
Buildings	152,243	147,471
Furniture and equipment	11,629	11,292
Leasehold improvements	11,605	10,822
	189,392	183,019

4. LEASE COMMITMENTS

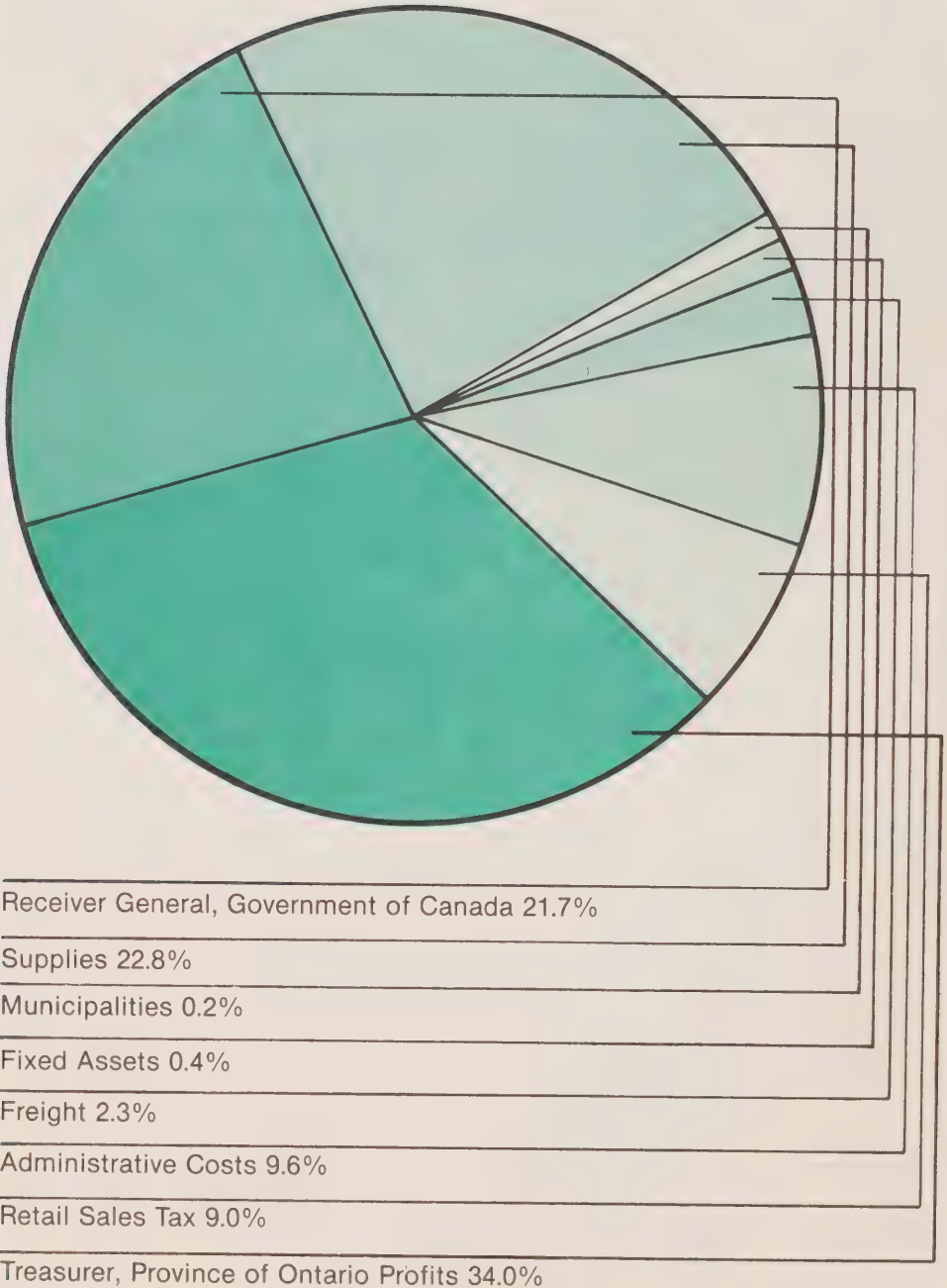
The Board is committed under operating leases on leased premises with future minimum rental payments due as follows:

	(\$'000)
1986	10,400
1987	9,300
1988	8,000
1989	6,600
1990	5,200
Thereafter	14,600
	<hr/>
	54,100
	<hr/>

5. COMPARATIVE FIGURES

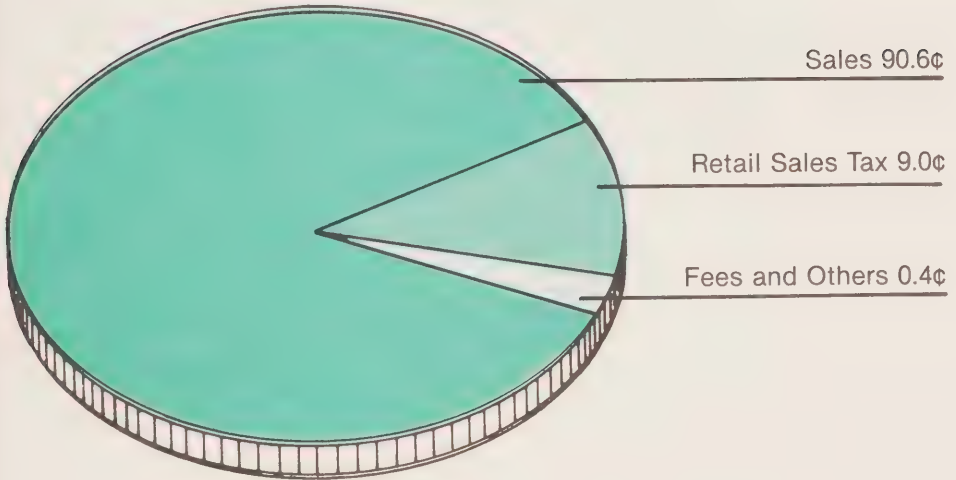
Comparative figures have been reclassified where necessary to conform with 1985 presentation.

Liquor Control Board of Ontario Distribution of Gross Revenue 1984-1985

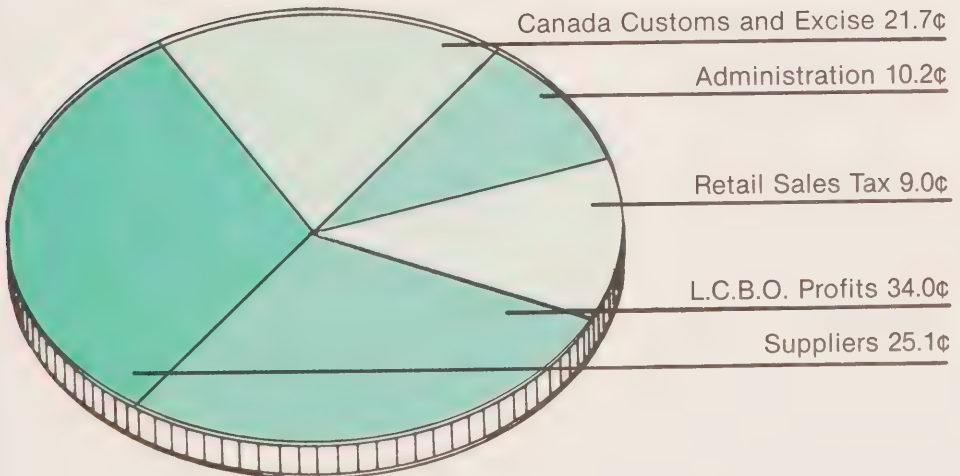


The L.C.B.O. Dollar 1984-1985

Where it came from



How it was spent



Retail Division— Store Operations

Board Stores

The Board operated 610 facilities during the year including the Toronto distribution depot, two duty-free stores at the Pearson International Airport and two rare wine and spirits stores.

Eight new self-service outlets were opened at the following locations:

May 16, 1984	57 Erb Street West (Seagram Museum), Waterloo N2I 4N6
June 27, 1984	P.O. Box 130, Lion's Head N0H 0W0
July 6, 1984	Canada Post Office, General Delivery, Gooderham K0M 1R0(S)
August 14, 1984	P.O. Box 627, Ingleside K0C 1M0 (S)
August 31, 1984	8 Clinton Street North, Teeswater N0G 2S0
September 28, 1984	P.O. Box 603, Jarvis N0A 1J0
November 1, 1984	4841 Yonge Street, North York M2M 5X2
November 15, 1984	Canada Post Office, John Street, Pontypool L0A 1K0

(S) denotes summer store

Other changes to store operations during the year included converting 12 conventional Board stores to self-service operations at their existing locations and the relocation of three self-serve stores as follows:

Store #	From	To
594	138 Rice Lake Drive	138 Rick Lake Drive, Bewdley K0L 1E0
41	813 Victoria Avenue	125 South Syndicate St., Thunder Bay P7E 6H8
346	7766 Martingrove Road	140 Woodbridge Avenue, Woodbridge L4L 2S7

In keeping with the Board's policy of conversion to self-serve operations, there were 519 self-serve stores at March 31, 1985 representing 85 percent of the Board's total number of stores at fiscal year-end.

Many stores participated in Ontario Bicentennial celebrations by featuring selected Ontario wines in special end-of-aisle displays. Plans have been developed to stage more in-store promotions for products during the coming year.

Agency Stores

During the year five agency stores changed ownership and one agency was closed. At March 31, 1985 there were 68 agency stores in operation.

Breweries and Brewers' Retail Stores

The number of stores in operation as of March 31, 1985 remained unchanged from last year, at 445.

Sales by Breweries to Other Provinces and Countries (in gallons)

	1985	1984	1983	1982	1981
Sales to					
Other					
Provinces	2,491,412	300,638	440,726	379,517	407,444
Export Sales	25,709,445	25,198,834	23,329,790	21,687,065	21,435,453
	<u>28,200,857</u>	<u>25,499,472</u>	<u>23,770,516</u>	<u>22,066,582</u>	<u>21,842,897</u>

With the opening December 21, 1984 of Brick Brewing Company Limited, Waterloo there were 17 breweries licensed to sell beer in Ontario. During the year laboratory analysis was conducted on brands of these breweries for compliance with Federal and Provincial regulations.

Wineries and Winery Retail Stores

Three new Ontario wine licences were granted during the year as follows:

August 25, 1984	Culotta Wines Limited, Oakville
October 9, 1984	Paul Masson & Co., Lincoln
October 9, 1984	Vineland Estates Wines Limited, Vineland

At March 31, 1985, there were 17 wineries in operation.

There was net increase of 10 winery retail stores during the year as a total of 188 wine stores (124 regular and 64 mini stores) were in operation throughout Ontario at March 31, 1985.

Sales by Wineries to Other Provinces and Countries (in gallons)

	1985	1984	1983	1982	1981
Sales to Other Provinces	1,294,681	1,442,609	1,794,434	2,204,887	2,005,301
Export Sales	57,567	33,832	85,437	157,907	122,225
	<u>1,352,248</u>	<u>1,476,441</u>	<u>1,879,871</u>	<u>2,362,794</u>	<u>2,127,526</u>

The tonnage of Ontario grapes and apples used by the various Ontario wineries over the past five years is as follows:

	1985	1984	1983	1982	1981
Grapes used in the manufacture of wine	29,546	49,748	36,103	35,741	40,241
Grapes used in the manufacture of concentrate	3,724	4,257	1,326	2,898	4,331
Apples used in the manufacture of cider	464	417	552	164	588
	<u>33,734</u>	<u>54,422</u>	<u>37,981</u>	<u>38,803</u>	<u>45,160</u>

The following quantities of wine (in gallons) were imported for blending in accordance with the conditions of the Wine Content Act, 1976:

	1985	1984	1983	1982	1981
	<u>932,518</u>	<u>914,360</u>	<u>786,395</u>	<u>843,078</u>	<u>675,446</u>

Management Information Services

This Division continued to support the Board's operations through Data Centre Operations, Information Services, Application Development and Technical Support.

During the year the data centre system was upgraded to meet the requirements of an increasing workload. Also, a project is underway to review and improve contingency plans for system back up in case of a major outage. The Information Centre has been established to support divisions through consultation and training in the utilization of micro-computers as effective operational tools. The Business Systems Group executed an extensive and comprehensive functional study of the Board's decision making process. The output of this study forms the basis for the establishment of future management information requirements. Work has commenced on the information systems identified by the Board as priority projects.

Products Division

This division continued its important role of acquiring wines and spirits from around the world for our customers. 1,425 formal applications, exclusive of Rare Wines, were reviewed by the Listing Committee which accepted 328 new products for listing. In addition 800 new items were selected for the Rare Wines and Spirits stores. Plans are laid to change the name of these stores to 'Vintages' and additional outlets will be opened in the coming year.

During March 1985 labour disputes in the domestic beer industry posed special problems for the Product Purchasing Department. Normal purchases of American beer were approximately 65,000 cases per year, but during this period demand was such that purchases increased to 80,000 cases per day. In all over one million cases of American beer were acquired during the lock-out.

The Customs Department commenced using computer generated customs invoices to comply with new Canada Customs regulations effective January 1, 1985. This has resulted in quicker release and clearance of in-bond goods.

Laboratory analysis was completed on 5,698 samples to ensure alcoholic beverages sold in Ontario are in compliance with Federal and Provincial regulations. New clarity standards in wines have been developed and these standards will form part of the analytical routine for wines in the coming year.

L.C.B.O. Product Listings as at March 31, 1985

Domestic		Imported	
Canadian Whisky	174	Whisky—Scotch	87
Canadian Blended Rums	111	—Irish	4
Canadian Gin	65	—Bourbon	5
Canadian Vodka	74	—Tennessee	2
Canadian Brandy	6	Gin	11
Canadian Blended Brandy	15	Rum	17
Alcohol	5	Vodka	7
Fruit Spirits	5	Tequila	6
Miscellaneous Liquors	11	Brandy	58
Canadian Liqueurs	116	Fruit Spirits	6
Ontario Wine	584	Miscellaneous Liquors	30
Other Canadian Wine	19	Liqueurs	62
Canadian Cider	10	Wine	731
Canadian Beer	208	Cider	1
Miniatures	16	Beer & Sake	23
		Specialty Items	29
		Miniatures	26
	<u>1,422</u>		<u>1,105</u>
Total Regular Listings		2,527	
Rare Wine and Spirits		544	
Duty Free Listings		56	
Total Product Listings		<u>3,127</u>	

Human Resources

The strategic planning process identified an important need in the organization in the area of human resources. A Human Resources Task Force was formed representing all levels of management and divisions of the Board. It was given the mandate to recommend long term plans for human resource development to enable the Board to meet its short and long term objectives. An essential part of the project was an employee attitude survey to obtain input from employees throughout the Board on areas of concern as well as their recommendations to address the problems identified. The task force used the findings of the survey to identify the key areas requiring attention: training, promotion system and communications. Specific programs were developed by sub-groups of the task force and presented for approval of the Board. Implementation of these programs will assist the Board in meeting its goal of running an efficient organization while maintaining a quality working environment and good relations with employees.

The number of Board members and permanent employees of the various divisions of the Board is as follows:

	March 31, 1985	March 31, 1984
Board Members	5	5
Staff of Departments		
Chairman's Office	1	1
Legal	2	2
Audit	42	42
General Manager	—	20
Executive Vice-President, Administration	7	—
Finance	59	59
Management Information Systems	52	43
Human Resources	26	24
Planning	7	5
Records Management	5	4
Purchasing	4	2
Mail & Multigraph	8	8
Building Maintenance	14	13
Security Services	3	3
Properties Management	15	15
Executive Vice-President, Operations	9	—
Product Administration	37	31
Bottling	17	19
Laboratory	9	10
Stores Administration	49	46
Stores	2,684	2,725
Store Operations	46	43
Warehouse Administration	17	16
Warehouses	342	342
Distribution Analysis	3	7
	3,412	3,436

In addition there were 2,161 temporary employees as of March 31, 1985 and of this total 2,135 were employed in Board stores compared to 1,977 temporary employees as at March 31, 1984 of which 1,915 were employed in Board stores.



STATEMENT OF PURPOSE

The Liquor Control Board of Ontario is committed to providing the people of this province with a wide variety of products from around the world. These products will be available in attractive, modern stores staffed by courteous and knowledgeable employees.

CA20N
LC
R26

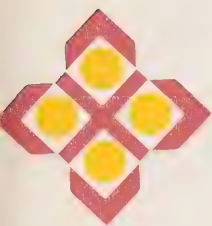
Commonwealth
Publications



Liquor
Control Board
of Ontario

60th REPORT

APRIL 1ST 1985 to MARCH 31ST 1986



Liquor
Control Board
of Ontario



Formed in 1927, the Liquor Control Board of Ontario was incorporated as a Crown Corporation under The Liquor Control Act, 1975. The Board regulates the sale and transportation of liquor throughout the province and establishes stores for the sale of liquor to the public. Also, it purchases products for sale to the public and maintains quality control over those products.

60th REPORT

APRIL 1ST 1985 to MARCH 31ST 1986

THE NEW LCBO LOGO

The symbol appearing on the front cover is our new LCBO logo.

This new logo was designed to symbolize a variety of images pertaining to our organization.

The logo represents a wine rack containing four bottles viewed from the side, or a case of wine or spirits as viewed from above.

The cross in the centre represents the balance between supply and moderation which we strive for.

The four stylized L's which form the surrounding corners are arrows which indicate direction or movement of our products. They also illustrate the points of a compass to indicate the fact that our products come from the four corners of the world and are distributed to all points in Ontario.

Four circles are representative of our four major distribution areas. The circles also represent our most important resource - people.

Burgundy, white and gold were chosen to depict the colours most often seen in our products.

The logo is symbolic of our commitment to running the LCBO as a progressive and consumer oriented business.

LIQUOR CONTROL BOARD OF ONTARIO

APRIL 1, 1985 to MARCH 31, 1986

BOARD MEMBERS

J.W. Ackroyd, Chairman and Chief
Executive Officer

U.O. Ferdinand, Vice-Chairman

F.H.S. Hooper

R.D. Rowe

J.M. Thompson

EXECUTIVE DIRECTORS COMMITTEE

J.W. Ackroyd, Chairman and Chief
Executive Officer

U.O. Ferdinand, Vice-Chairman

J.R. Mahoney, Legal Counsel

D.H. Jackman, Executive Vice-President,
Operations

F.A. MacInnis, Executive Vice-President,
Administration

Highlights

	1986	1985	1984
	(\$'000)	(\$'000)	(\$'000)
Sales	\$1,646,814	\$1,599,337	\$1,504,738
Increase in %/ previous year	2.9%	6.2%	2.6%
	(\$'000)	(\$'000)	(\$'000)
Operating expenses	\$ 196,330	\$ 180,863	\$ 207,507
% of expenses/sales	11.9%	11.3%	13.8%
	(\$'000)	(\$'000)	(\$'000)
Net income	\$ 612,573	\$ 604,282	\$ 542,115
% of income/sales	37.2%	37.8%	36.0%
Self-serve stores in operation	529	519	500
Total stores in operation	610	610	602
Number of permanent employees	3,308	3,241	3,282
Number of regular products listed	2,800	2,527	2,359

Liquor Control Board of Ontario

The Honourable L. M. Alexander, P.C., K.ST.J., 55 Lake Shore Boulevard East
Q.C., B.A., LL.D. Toronto, Ontario M5E 1A4
The Lieutenant Governor of Ontario September 8, 1986
Queen's Park
Toronto, Ontario, M7A 1A1

Your Honour,

The 60th Report and Financial Statements of the Liquor Control Board of Ontario, as well as the Report of the Provincial Auditor, are submitted herewith pursuant to Section 7 of the Liquor Control Act, R.S.O. 1980.

This report summarizes the Board's activities during the fiscal year ended March 31, 1986 and includes operational highlights for the year.

The previous year's sales volume increased significantly in March, 1985 during the Ontario brewing industry labour dispute which, on a comparative basis, explains the current year's volume decline. The sales trends of the previous year were evident again this year. Imported wines continued to be the largest growth category and domestic spirits experienced another year of declining sales. In addition, domestic wines suffered a significant decrease in sales volume and lost market share during the year.

Profits remitted to the Treasurer of Ontario were \$638 Million which was 6% greater than last year. This increase reflected a greater availability of funds from a reduction in inventory levels as well as normal profits from operations.

This past year has seen the introduction of a number of new initiatives and programs to support the LCBO's philosophy of a high standard of quality and service to the people of Ontario. The Strategic Planning process identified a need to change our public image and service through an improved marketing and merchandising orientation. The "Image Programme", which commenced in September, 1985 as a pilot project for nineteen stores, had expanded to 115 stores by March 31, 1986. Our stores took on a new look for our customers with industry end-aisle display programs, re-organized store layouts and generic product displays designed by store staff. Regional training teams conducted seminars in product knowledge and customer service to assist our employees in carrying out these new initiatives.

The fall of 1985 also marked the opening of two very different LCBO stores, "VINTAGES". The design of these boutique style stores is a departure from regular liquor stores and creates an attractive and comfortable shopping environment. Complementing this exciting new venture was the inauguration of an in-store tasting program at "VINTAGES".

Another significant event during the year was the introduction of the new LCBO logo and visual identity program. This new visual identity is another approach we have adopted to project our new image.

I would like to express my appreciation to all employees of the Board for their dedication and efforts towards our success again this year. The full and part-time Board members also deserve special thanks for all their support.

Your Obedient Servant,
J.W. Ackroyd,
Chairman.

Sales

Total sales of spirits, wine and beer by Board stores during the fiscal year ended March 31, 1986 were \$ 1,646,814,345. Of this total \$262,396,961 or 15.9% consisted of sales to licensed establishments. Sales of Ontario wine made directly to customers by licensed retail wine stores and wineries in Ontario amounted to \$43,457,549. The net value of beer sold in Ontario by breweries and brewers' retail outlets exclusive of the cost of containers, totalled \$1,276,613,364.

The following tables show increases (decreases) in sales for the fiscal year under review as compared with the previous year's totals:

Sales by Value (\$'000)

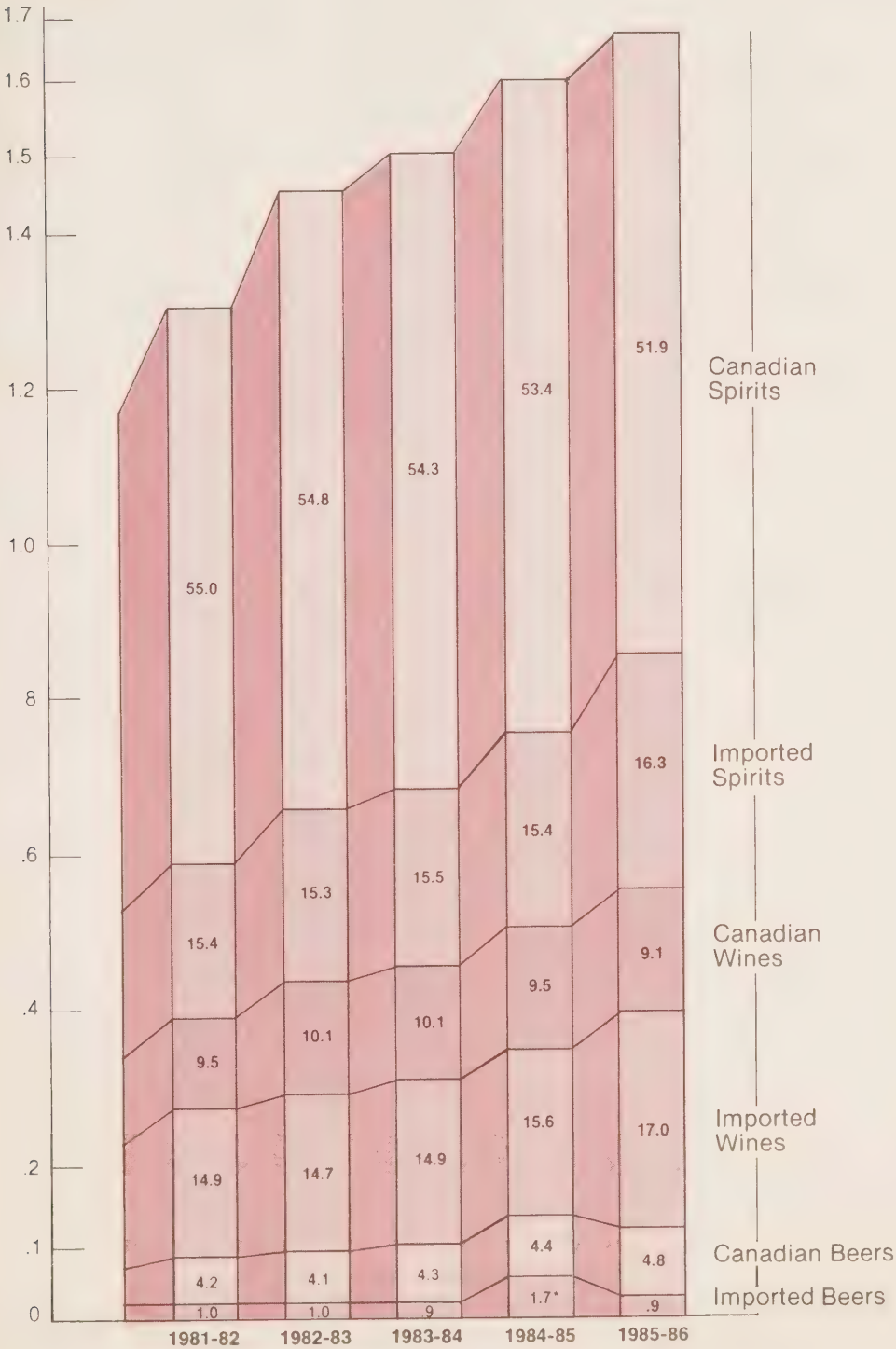
	Fiscal Year Ended March 31, 1986	Fiscal Year Ended March 31, 1985	Increase (Decrease)
Sales by Board Stores			
Canadian Spirits	\$ 854,785	\$ 853,543	\$ 1,242
Imported Spirits	267,470	245,323	22,147
*Canadian Wines	150,003	152,007	(2,004)
Imported Wines	280,295	250,012	30,283
Canadian Beers	79,089	70,317	8,772
**Imported Beers	15,172	28,134	(12,962)
Total Sales by Board Stores	\$1,646,814	\$1,599,336	\$ 47,478
Sales by Ontario Wineries and Winery Stores	\$ 43,458	\$ 42,879	\$ 579
Sales by Breweries and Brewers' Retail Stores (exclusive of container value)	\$1,276,613	\$1,119,289	\$157,324

*Includes Ontario wine sales of \$145,536 during fiscal year ended March 31, 1986 compared with \$145,864 during previous year.

**Sales of imported beer during fiscal year ended March 31, 1985 were significantly greater because of the Ontario brewery labour dispute in March 1985.

Dollar Sales By Category: Percent of Total 1981-82 to 1985-86

\$ Billion



*The increase in imported beer sales is attributable to the labour dispute which closed the major breweries in Ontario for most of March 1985.

Sales by Litres ('000's)

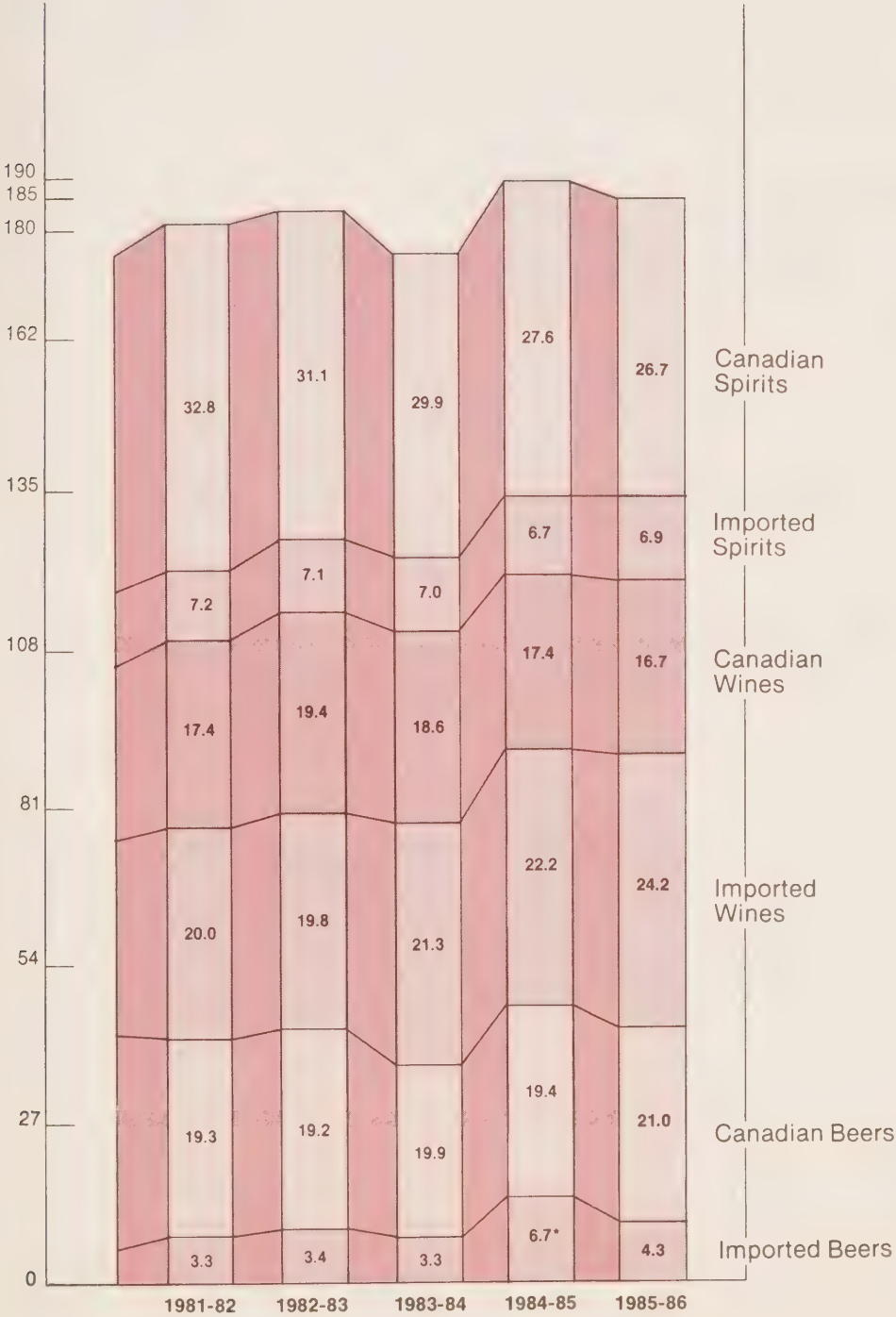
	Fiscal Year Ended March 31, 1986	Fiscal Year Ended March 31, 1985	Increase (Decrease)
Sales by Board Stores			
Canadian Spirits	49,662	52,199	(2,537)
Imported Spirits	12,980	12,578	402
*Canadian Wines	31,124	32,982	(1,858)
Imported Wines	44,957	41,983	2,974
Canadian Beers	39,021	36,627	2,394
**Imported Beers	8,077	12,646	(4,569)
Total Sales by Board Stores	185,821	189,015	(3,194)
Sales by Ontario Wineries and Winery Stores	9,582	9,931	(349)
Sales by Breweries and Brewers' Retail Stores	756,463	716,147	40,316

* Includes Ontario wine sales of 30,070 thousand litres during fiscal year ended March 31, 1986 compared with 31,674 thousand litres during previous fiscal year.

** Sales of imported beer during fiscal year ended March 31, 1985 were significantly greater because of the Ontario brewery labour dispute in March, 1985.

Litre Sales By Category: Percent of Total **1981-82 to 1985-86**

Million
 Litres



*The increase in imported beer sales is attributable to the labour dispute which closed the major breweries in Ontario for most of March 1985

Revenue Payments

Levies on beverage alcohol sold in the province during the year contributed an amount in excess of \$1.1 billion to the Treasurer of Ontario and revenue paid to the Government of Canada exceeded \$590 million. These amounts do not include corporation, realty and business taxes paid by the distilleries, wineries, breweries and licence holders. Ontario retail sales tax collected by licence holders and agency stores on sales of beverage alcohol is also excluded from these figures.

A summary of these revenue payments is as follows:

Treasurer of Ontario

Remitted by the Liquor Control Board		
—on account of profits	\$638,000,000	
—Ontario retail sales tax on sales through liquor stores	<u>164,049,641</u>	
	802,049,641	
Remitted by the Liquor Licence Board		
—on account of licence fees and permits	267,202,779	
Remitted by Others		
—Ontario retail sales tax on sales through brewers' retail stores and retail wine stores	<u>117,125,725</u>	\$1,186,378,145

Receiver General For Canada

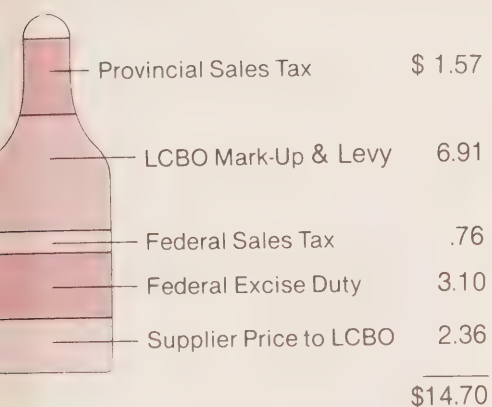
Paid by the Board		
—Customs and Excise Duties	258,156,550	
—Federal sales tax on spirits, wines and imported beers	<u>80,361,290</u>	
	338,517,840	
Paid by Others		
—Malt duties and taxes on domestic beers and wines	<u>252,119,372</u>	590,637,212

Ontario Municipalities

Paid by the Liquor Control Board		
—Grants in lieu of realty and business taxes		<u>4,114,038</u>
		<u>\$1,781,129,395</u>

Retail Price Breakdown Examples As At March 31, 1986

Domestic Spirit—750 mL Bottle (26.4oz)



Summary

Supplier	2.36
Federal Government	3.86
Provincial Government	8.48
	<hr/> 14.70 <hr/>

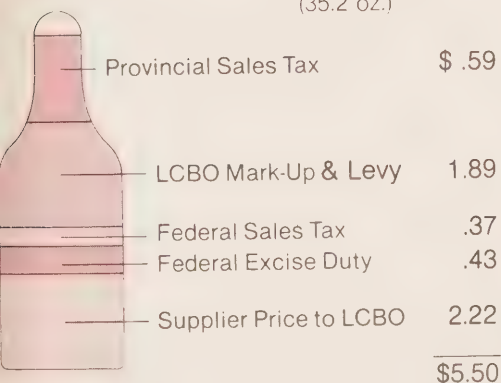
Imported Spirit—750 mL Bottle (26.4oz)



Summary

Supplier	2.87
Federal Government	3.95
Provincial Government	10.13
	<hr/> 16.95 <hr/>

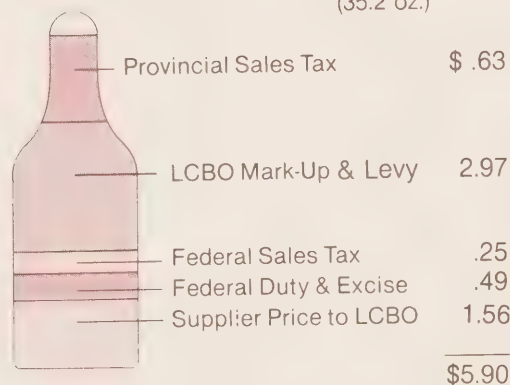
Ontario Table Wine—1 Litre Bottle (35.2 oz.)



Summary

Supplier	2.22
Federal Government	.80
Provincial Government	2.48
	<hr/> 5.50 <hr/>

Imported Table Wine—1 Litre Bottle (35.2 oz.)



Summary

Supplier	1.56
Federal Government	.74
Provincial Government	3.60
	<hr/> 5.90 <hr/>

Financial Statements

LIQUOR CONTROL BOARD OF ONTARIO

Balance Sheet

as at March 31, 1986

ASSETS

	1986 (\$'000)	1985 (\$'000)
Current		
Cash	8,959	20,139
Accounts receivable, trade and others	3,932	2,862
Inventories, at cost	158,812	186,272
Prepaid expenses	646	958
	<u>172,349</u>	<u>210,231</u>

LIABILITIES AND RETAINED INCOME

Current		
Accounts payable and accrued liabilities	107,726	120,181
Retained income	64,623	90,050
	<u>172,349</u>	<u>210,231</u>

See accompanying notes to financial statements.

Approved:

J.W. ACKROYD,
Chairman

F.A. MacINNIS
Executive Vice-President,
Finance

Audit Report

To the Liquor Control Board of Ontario and
to the Minister of Consumer and Commercial Relations.

I have examined the balance sheet of the Liquor Control Board of Ontario as at March 31, 1986 and the statements of income and retained income for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Board as at March 31, 1986 and the results of its operations for the year then ended in accordance with the accounting policy described in note 1 to the financial statements applied on a basis consistent with that of the preceding year.

A report on the audit will be made to the Board and to the Minister.

Toronto, Ontario,
August 29, 1986

D.F. Archer, F.C.A.,
Provincial Auditor.

LIQUOR CONTROL BOARD OF ONTARIO

Statement of Income

Year ended March 31, 1986

	1986	1985
	(\$'000)	(\$'000)
Sales	1,646,814	1,599,337
Cost of sales	843,992	821,552
Gross income	802,822	777,785
Operating expenses		
Salaries and employee benefits	141,828	131,886
Rent	16,540	15,402
Fixed assets	7,680	7,176
Store supplies and expenses	4,769	4,226
Utilities	4,525	4,237
Grants in lieu of taxes	4,114	4,016
Repairs and maintenance	3,790	3,394
Office supplies and expenses	3,131	2,216
Communication and travelling	2,081	1,910
Stock breakage and losses	1,900	1,472
Bank charges	1,246	1,013
Armoured car services	1,126	1,140
Agency commissions and expenses	1,014	996
Other	2,586	1,779
	196,330	180,863
Operating income	606,492	596,922
Other income		
Special occasion permit purchase fees	4,281	3,618
Interest on bank balances	211	2,140
Miscellaneous income	1,589	1,602
	6,081	7,360
Net income for the year	612,573	604,282

See accompanying notes to financial statements.

LIQUOR CONTROL BOARD OF ONTARIO

Statement of Retained Income

Year ended March 31, 1986

	1986	1985
	(\$'000)	(\$'000)
Balance, beginning of year	90,050	87,768
Add net income for the year	612,573	604,282
	<u>702,623</u>	<u>692,050</u>
Deduct payments to the Treasurer of Ontario on account of net income	638,000	602,000
Balance, end of year	<u>64,623</u>	<u>90,050</u>

See accompanying notes to financial statements.

LIQUOR CONTROL BOARD OF ONTARIO

Notes to Financial Statements

March 31, 1986

1. ACCOUNTING POLICY

The Board's financial statements are prepared in accordance with generally accepted accounting principles except for fixed assets which are written off to operations at the time of acquisition and carried on the books at a nominal value of \$1.

2. SELF-INSURANCE

The Board follows the policy of self-insuring its store assets for property damage such as fire, water and vandalism or theft.

3. FIXED ASSETS

The total accumulated costs of fixed assets at year end, less disposals, are as follows:

	1986	1985
	(\$'000)	(\$'000)
Land	14,163	13,915
Buildings	155,726	152,243
Furniture and equipment	12,898	11,629
Leasehold improvements	13,755	11,605
	<u>196,542</u>	<u>189,392</u>

4. LEASE COMMITMENTS

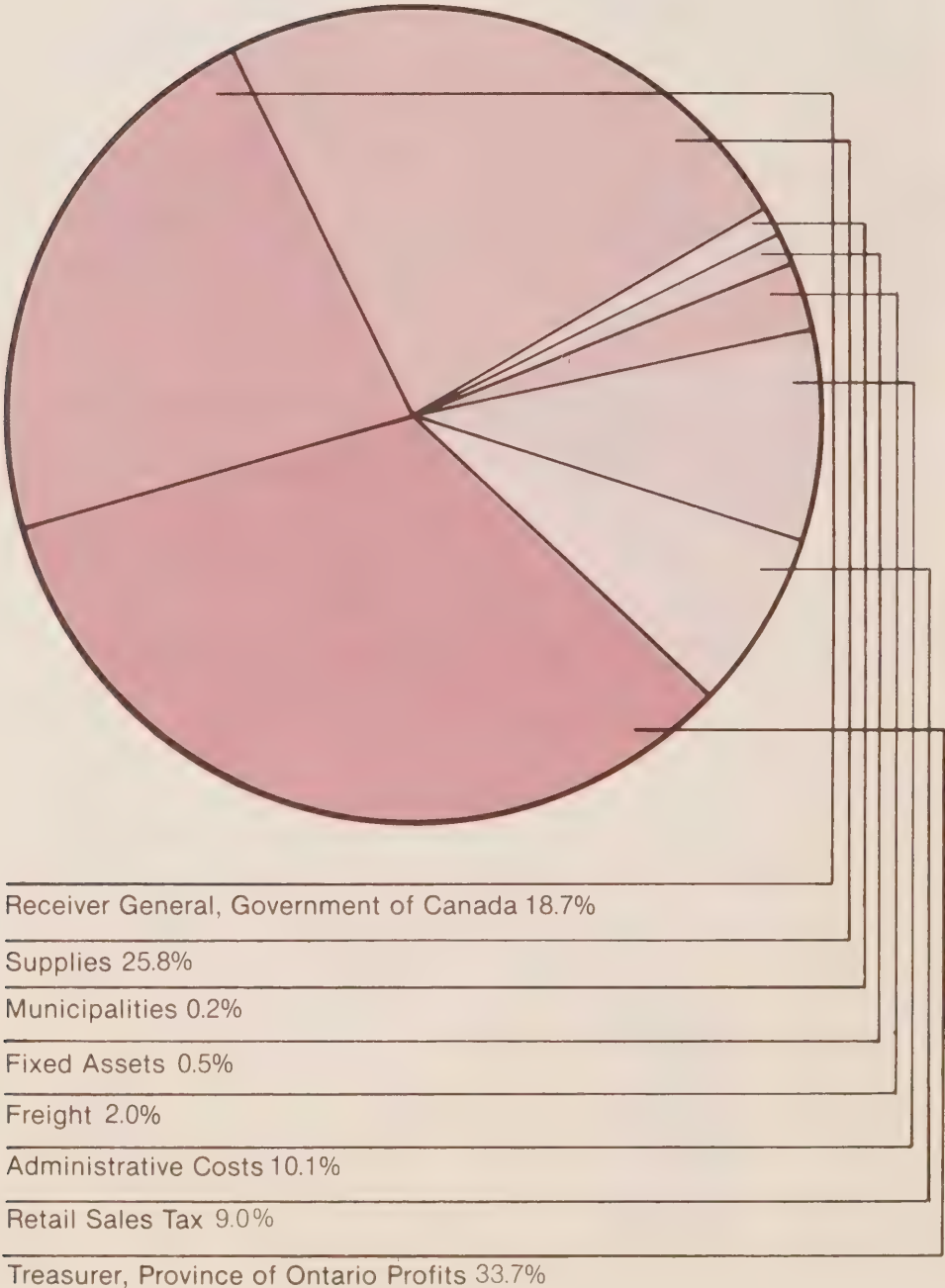
The Board is committed under operating leases on leased premises with future minimum rental payments due as follows:

	(\$'000)
1987	11,258
1988	10,039
1989	8,568
1990	7,202
1991	5,639
Thereafter	11,693
	<u>54,399</u>

5. COMPARATIVE FIGURES

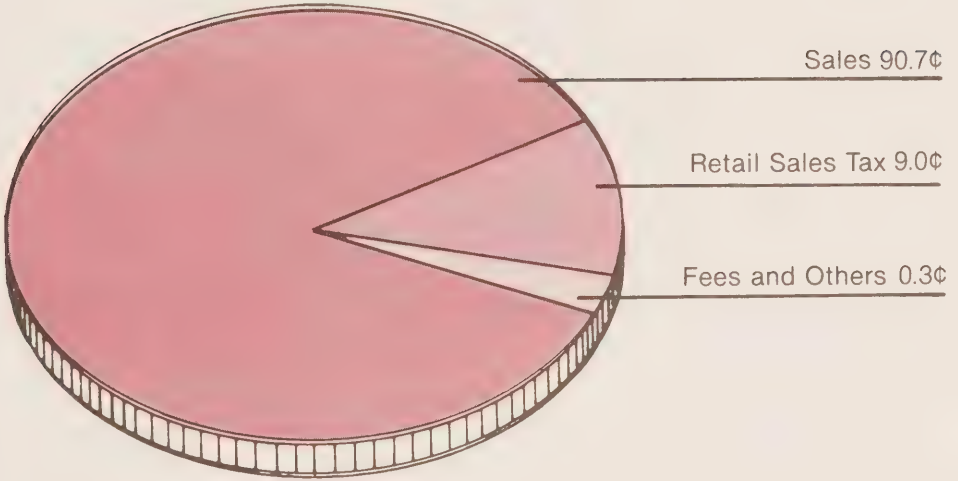
Comparative figures have been reclassified where necessary to conform with 1986 presentation.

Liquor Control Board of Ontario Distribution of Gross Revenue 1985-1986

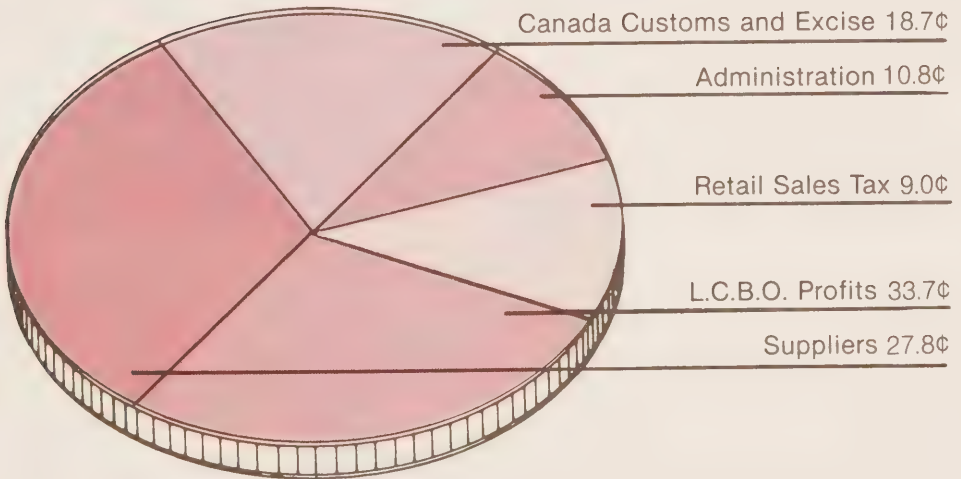


The L.C.B.O. Dollar 1985-1986

Where it came from



How it was spent



Retail Division

This division is responsible for the administration and operations of our organization's retail network. The LCBO operated 610 stores during the year including the Toronto distribution depot, two duty-free stores at the Pearson International Airport and four "Vintages" stores.

Eight new self-service outlets were opened at the following locations:

Store #234	250 Wincott Drive, Etobicoke
Store #165	76 Mall Road, Hamilton
Store #453	P.O. Box 269, 96 Leslie Street, Newmarket
Store #608	Ney Avenue, P.O. Box 610, Port McNicoll (Summer)
Store #613	P.O.Box 222, Sundridge
Store #616	470 Hodder Ave., Unit #101, Thunder Bay
Store #703	2512 Bayview Ave., North York (Vintages)
Store #705	1900 Dundas St. West, Mississauga (Vintages)

Other changes to store operations during the year included converting 10 conventional LCBO stores to self-service operations at their existing locations and the relocation and conversion of Store #202 from 399 Campbell Street to 1142 Lakeshore Road, Sarnia, N7V 2V8. In keeping with LCBO policy of conversion to self-serve operations, there were 529 self-serve stores at March 31, 1986 representing 87 percent of all stores. It is our goal to convert the remaining stores to self-serve by 1990.

During the year extended hours of store operation were implemented to improve customer service. All stores are now open to the public at 9:30 a.m.. In addition all stores having more than one permanent employee observe a six day per week operation and all one person stores commenced staying open for business during lunch hour.

The Image Programme which commenced in the fall of 1985 has received enthusiastic support from our customers, our staff and members of the trade. Regional training teams are providing instruction to store staff in the skills of product knowledge, customer service and merchandising, including modern product presentation techniques.

In September, 1985 the name of the former rare wines store was officially changed to VINTAGES and 2 new vintage stores were opened before the end of 1985. The boutique nature of these stores provides a unique concept for merchandising fine wines, spirits and beers in Ontario. In addition to a commitment to customer service, Vintages provide a wide selection of exciting products from which to choose.

Agency Stores

During the year one agency store changed ownership and one agency became a year round operation. At March 31, 1986 there were 69 agency stores in operation.

Breweries and Brewers' Retail Stores

Five new brewers' retail stores were opened at the following locations:

June 24, 1985	30 Second Street, Markham (Unionville)
November 18, 1985	2535 Major Mackenzie Drive, Vaughan
December 11, 1985	155 Yonge Street North, Newmarket
December 12, 1985	1225 Wonderland Road, London
December 16, 1985	35 Larkin Drive, Nepean (Barrhaven)

The number of stores in operation as of March 31, 1986 was 450.

Sales by Breweries to Other Provinces and Countries

(in thousands of litres)

	1986	1985	1984	1983	1982
Sales to Other Provinces	17,619	11,326	1,367	2,004	1,725
Export Sales	140,811	116,875	114,554	106,057	98,589
	<u>158,430</u>	<u>128,201</u>	<u>115,921</u>	<u>108,061</u>	<u>100,314</u>

Three new breweries opened during the year as follows:

July 25, 1985	Upper Canada Brewing Company, Toronto
August 13, 1985	Wellington County Brewery Limited, Guelph
March 27, 1986	Connors Brewing Company Ltd., Toronto

At fiscal year-end there were 20 brewery plants in Ontario licensed to sell beer. During the year laboratory analysis was conducted on brands of these breweries for compliance with Federal and Provincial regulations.

Wineries and Winery Retail Stores

The number of wineries in Ontario at March 31, 1986 was 17.

There was a net increase of 9 winery retail stores during the year as a total of 197 wine stores(133 regular and 64 mini stores) were in operation throughout the province at March 31, 1986.

Sales by Wineries to Other Provinces and Countries

(in thousands of litres)

	1986	1985	1984	1983	1982
Sales to Other Provinces	5,376	5,886	6,558	8,158	10,023
Export Sales	173	262	154	388	718
	<u>5,549</u>	<u>6,148</u>	<u>6,712</u>	<u>8,546</u>	<u>10,741</u>

The tonnage of Ontario grapes and apples used by the various Ontario wineries over the past five years is as follows:

	1986	1985	1984	1983	1982
Grapes used in the manufacture of wine	33,850	29,546	49,748	36,103	35,741
Grapes used in the manufacture of concentrate	5,315	3,724	4,257	1,326	2,898
Apples used in the manufacture of cider	840	464	417	552	164
	<u>40,005</u>	<u>33,734</u>	<u>54,422</u>	<u>37,981</u>	<u>38,803</u>

The following quantites of wine (in thousands of litres) were imported for blending in accordance with the conditions of the Wine Content Act,1976:

1986	1985	1984	1983	1982
<u>855,961</u>	<u>932,518</u>	<u>914,360</u>	<u>786,395</u>	<u>843,078</u>

Products and Distribution Division

This division was formed in January, 1986 with the activities of the Product and Distribution Divisions being combined into one division. This new division integrates all activities with respect to products from listings through to warehousing and delivery to the stores. More specifically, the division is responsible for carrying out the LCBO listing policy, ensuring the quality control is in accordance with Federal, Provincial and LCBO regulations, buying products, managing inventory levels and ensuring transportation and warehousing services.

The Durham warehouse facility became fully operational in February, 1986. By fiscal year-end all stock held in the leased facilities of Kipling warehouse and other outside warehouses had been moved to this location. In addition all import receipts from the new shipping season are now handled in a timely and efficient manner at the Durham site.

The product administration activity of the division included in a review of 1,537 formal applications for listings of wines, spirits or beers. The Listing Committee accepted 227 new products. In addition over 60 new Vintage products are released monthly which, on an annual basis, provides customers with a selection in excess of 1,200 such products.

During the past year, a total of 45 contaminated products were removed from LCBO Store shelves. Out of this total, 39 products were removed because of ethyl carbamate, 5 because of diethylene glycol and one product because of mesural. In December, 1985 Health and Welfare Canada certified the LCBO laboratory and validated the methodology used in testing for levels of ethyl carbamate. Plans are underway for expanding the laboratory's facilities in the coming year.

L.C.B.O. Product Listings

	March 31			March 31	
	1986	1985		1986	1985
Domestic			Imported		
Canadian Whisky	162	174	Whisky—Scotch	87	87
Canadian Blended Rums	128	111	—Irish	4	4
Canadian Gin	67	65	—Bourbons	3	3
Canadian Vodka	78	74	—Tennessee	2	2
Canadian Brandy	6	6	—Kentucky	1	1
Canadian Blended Brandy	20	15	—American	1	1
Alcohol	5	5	Gin	11	11
Fruit Spirits	5	5	Rum	16	17
Miscellaneous Liquors	13	11	Vodka	7	7
Canadian Liqueurs	110	116	Tequila	6	6
Ontario Wines	635	580	Brandy	59	58
Ontario Wine Coolers	21	4	Fruit Spirits	6	6
Other Canadian Wines	17	19	Miscellaneous Liquors	30	30
Canadian Ciders	15	10	Liqueurs	68	62
Canadian Beers	297	208	Wines	771	731
Miniatures	42	19	Cider	1	1
			Beer & Sake	28	23
			Specialty Items	26	29
			Miniatures	52	26
	<u>1,621</u>	<u>1,422</u>		<u>1,179</u>	<u>1,105</u>

March 31, 1986 March 31, 1985

Total Regular Listing	2,800	2,527
Vintage Wines and Spirits	625	544
Duty Free Listings	66	56
Total Product Listings	<u>3,491</u>	<u>3,127</u>

Management Information Services Division (M.I.S.)

This division is responsible for providing management and information services such as business systems, data management, operating computer facilities and providing technical resources.

In January, 1986 a new divisional organizational structure was implemented in order to better respond to future needs for this division's services.

Also of significance during the year was the purchase of a data base management system which will allow users to access data information required to plan and function in a more efficient manner. Users are able to transfer selected data from the main data base to personal computers for analysis and manipulation. The Information Centre continued to support the installation of personal computers throughout the organization. The installation of equipment and training took place in the Regional Directors' Offices in addition to various head office departments.

Contingency plans for system back up, in case of a major outage, were completed with the signing of a three year contract. Also, as part of the disaster recovery strategy, procedures are being documented and will be tested for appropriateness.

A pilot project was completed in which personal computers were connected through telephone switching equipment. This will be followed by testing the connection of personal computers and the mainframe computers as a network.

Support Services Division

This new division was formed in April, 1985. It is responsible for providing corporate support and administrative services in the areas of purchasing, security, mail and printing, communications, planning, records management, and properties management.

The division's activities during the fiscal year included co-ordinating the September, 1985 strategic planning conference of senior management which provided the focus for this year's divisional planning cycle. Also, the planning department was responsible for the development of the roll-out program for the LCBO's new logo and visual identity program. In addition the planning department has established a manuals development program to formally document the policies and procedures of the organization. The properties management department had an active role in the tendering and design of the two new Vintages stores located in North York and Mississauga.

Human Resources Division

This Division continues to develop and administer policies in areas such as human resource development, employee relations, recruitment, job evaluation, employee benefits, grievance procedures and union negotiations.

This past year has been spent addressing the recommendations of the Human Resources Task Force and supporting the numerous initiatives of the other Divisions of the LCBO. Developing a Pilot Training Store in Hamilton and a new performance appraisal system as well as implementing a new hiring process for Temporary Employees were among this Division's achievements. Other Divisions have been assisted in developing a plan in support of the Affirmative Action Program. The production of in-house training and information videos was started as an experiment and has become a permanent feature.

With enthusiastic support from the Human Resources Division, our employees, the most valuable resource of the LCBO, are being recognized, acknowledged and prepared for a new and dynamic future.

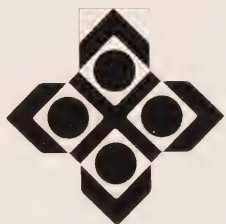
The number of Board members and permanent employees of the various divisions of the Board is as follows:

	March 31, 1986	March 31, 1985
Board Members	5	5
Staff of Departments		
Chairman's Office	1	1
Legal	2	2
Executive Vice-President, Administration	10	7
Audit	43	42
Security Services	3	3
Finance	58	59
Management Information Services	59	52
Planning	10	7
Records Management	4	5
Properties Management	14	15
Purchasing	6	4
Mail & Printing	9	8
Building Maintenance	13	14
Human Resources	31	26
Executive Vice-President, Operations	10	9
Product Administration	43	37
Bottling	19	17
Laboratory	11	9
Stores Administration	43	49
Stores	2,535	2,513
Warehouse Administration	25	17
Warehouses	357	342
Distribution Analysis	2	3
	3,308	3,241

In addition there were 1,935 temporary employees as of March 31, 1986 compared to 2,161 temporary employees as at March 31, 1985.

Notes

Notes



STATEMENT OF PURPOSE

The Liquor Control Board of Ontario is committed to providing the people of this province with a wide variety of quality products from around the world. These products will be available in attractive, modern stores staffed by courteous and knowledgeable employees.

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Annual Report

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Serving you for 60 years



Liquor
Control Board
of Ontario

LETTERHEAD
FOR CHAIRMAN

October 1987

Hon. William Wrye
Minister
Ministry of Consumer and Commercial Relations
555 Yonge Street
Toronto, Ontario
M7A 2H6

Dear Mr. Wrye:

I am pleased to present the 61st report and financial statements of the Liquor Control Board of Ontario (LCBO).

This has been a historical year for the LCBO because 1987 marks our 60th anniversary. We have undergone a great many changes in the past three years. We are rapidly changing our image for the better and are always looking for ways to improve our service.

During the past fiscal year, we improved our service by extending hours of operation in many stores, and we provided even more products. Our listings now exceed 3,000. This offers Ontarians one of the world's most varied selections of products at prices that are uniform throughout the province.

We continue to meet the needs of the public by opening new stores. Last year, we opened a Vintages store in Ottawa, and, more recently, one in London, giving us a total of six across the province.

Some of our recently opened stores reflect the personalities of specific neighbourhoods. For example, when we designed our new Spadina store, we consulted with neighbourhood groups in Toronto's Chinatown to ensure the store would complement the community.

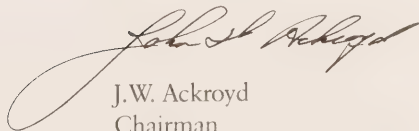
We have also continued to convert our over-the-counter stores to self-serve stores. There are only 46 of these remaining and our goal is to convert them within the next three years. There is now a total of 617 liquor stores across Ontario.

Two-thirds of our stores have adopted the IMAGE Program and no longer have a traditional, staid appearance. Products are presented in pleasing island-type displays and attractive store window exhibits, which enhance the shopping environment.

Our communications program has improved. There is better in-store information for our customers and more frequent distribution of information to our staff. This annual report, which is the first bilingual report the Board has produced, is presented in a new format.

It highlights some of the initiatives taken by the Board last year. We look forward to continuing the progress already underway and endeavouring to provide Ontarians with the best possible customer service.

Yours sincerely,



J.W. Ackroyd
Chairman

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Executive Directors

Left to right:

Al MacInnis, Executive Vice-President, Finance; Ulrich Ferdinand, Vice-Chairman; Jack Ackroyd, Chairman; Helen Vanner, Executive Vice-President, Administration; Don Jackman, Executive Vice-President, Operations; Absent: James Mahoney, Legal Counsel



Board Members

Left to right:

Dr. Katy Driver-Radhakrishnan, Professor of Pediatrics, University of Toronto; Ulrich Ferdinand, Vice-Chairman, LCBO; Fred Hooper, President H & H Saddlery; Jack Ackroyd, Chairman, LCBO; Absent: John Fryer, National President, National Union of Provincial Government Employees



Serving You for 60 Years



LCBO Celebrates Its 60th Anniversary



Smiths Falls



Toronto



Hamilton



Peterborough

SIXTY YEARS AGO, THE LIQUOR CONTROL BOARD OF ONTARIO (LCBO) was established. Its mandate then, as it is today, was to regulate the distribution and sale of all liquor products across the province. June 1, 1927, was a memorable day, not only for the LCBO, but for all Ontarians. The creation of the Board signalled the end of Prohibition, which had been in effect from 1916 to 1927.

Within months of the Board's inauguration, 16 stores were opened. But things were moving at a pretty fast pace, and before the year was over, there were 86 stores across Ontario. There are now 617 liquor stores. Staff back then numbered 785 employees; today, more than 5,500 people are on staff and are spread out across the province in warehouses, offices and stores.

The LCBO has come a long way in the past 60 years. The following are some of the Board's highlights and achievements:

1916-1927 — Prohibition period. The Ontario Temperance Act was in effect and only the sale of domestic wines was permitted. In **1927**, the Temperance Act was replaced with the Liquor Control Act of Ontario.

1927 — The Liquor Control Board of Ontario (LCBO) was established.

1934 — Beverage rooms for beer (beer parlours) and dining rooms selling beer and wine were permitted to operate.

1947 — Sale of alcoholic beverages in bars was legalized.

1961 — Liquor purchase cards were abolished after 34 years of required use.

1969 — The first self-serve store opened.

1971 — Sale of 40-ounce bottles of liquor was reintroduced.

1972 — Introduction of 80-ounce wine jugs and miniature bottles. Rare Wines and Spirits Program introduced.

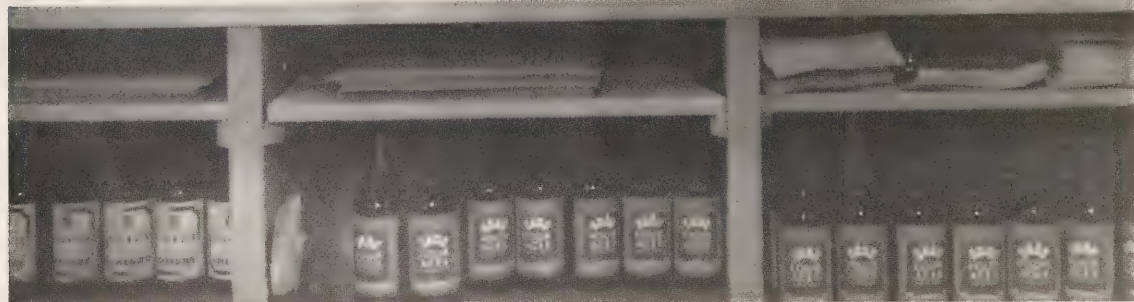
1975 — The LCBO became a Crown corporation.

1985 — The Vintages Program was introduced. LCBO specialty stores (six in all) stock 500 to 600 items (beer, wine, liquor) in limited supply. Tastings of specific products are available each day at the tasting bars in Vintages.

1986 — New LCBO and Vintages logos were introduced. Drive-in beer stores were approved. Kosher corner was offered in selected stores. Branded merchandise (Vintages corkscrews, wine diaries, etc.) available in stores.

1987 — LCBO 60th anniversary. Border crossing duty-free stores were opened. New Vintages stores were opened in Ottawa and London. The new Spadina store in Toronto's Chinatown was LCBO's first store designed to reflect the personality of a specific neighbourhood. Wine Chillers were introduced to 26 stores across the province to test their chilling capabilities and to get the public's response. Tasting counters were introduced to regular LCBO stores across Ontario, providing customers with the opportunity to sample products before purchasing.

The view from behind the counter at store number 79 in Port Hope speaks volumes about the changes in consumer tastes since 1950 when this photograph was taken.



As times change, the LCBO continues to evolve the design of its stores' interiors. Seen here: left, store number 45 in Peterborough, 1955; and store number 133 in Petrolia, about 1930.



The LCBO has become an integral part of communities large and small throughout Ontario. Pictured here: left, store number 92 in Englehart. Note the poster advertising *The Californian*, starring Ricardo Cortez; right, store number 27 in London, about 1930.



Customers in 1940 could expect an unusual welcome when entering store number 89 in Mattawa.



Divisional Reports



Retail Division



LCBO's Toronto Chinatown store reflects the special ethnic character of the neighbourhood.

THE RETAIL DIVISION RECENTLY OPENED TWO VERY SPECIAL STORES. The London Vintages is already a popular addition to that city's retail trade. Toronto's Chinatown store is the first LCBO store to be designed specifically to reflect the special ethnic character of a particular neighbourhood. During the past fiscal year, a new Vintages was also opened in Ottawa to provide services to that major market. Many stores now offer customers a selection of Vintages products.

The IMAGE Program was expanded to an additional 391 stores during the past year. Products in these stores are merchandised with artistic flair, making shopping a pleasant and informative experience.

A new computerized distribution depot was opened this year in Ottawa. The Thunder Bay distribution centre has also been computerized, increasing efficiency and distribution of products to licensees in these cities.

The Retail Division has initiated an effective method to chill customer purchases. In the past year, it conducted a pilot program to determine the feasibility of portable Wine Chillers. The two pilot stores had a positive customer response.

There are now some 26 Wine Chillers distributed across the province, and the Retail Division is closely monitoring customer reaction.

Major steps to improve our customer service have been taken. These include a Product Knowledge Program for our staff as well as a Store-of-the-Year Award in each district. New employee name tags and uniforms also give store staff a higher profile while they serve customers.

Products and Distribution



Durham Region's fully automated warehouse makes product distribution fast and efficient.

ONTARIANS ENJOY ACCESS TO ONE OF THE WIDEST SELECTIONS OF wines and spirits in the world, with more than 3,000 listings to choose from, and the variety of products is increasing every year. The LCBO has introduced more than 600 new products in the past three years.

Last year the LCBO received and reviewed 2,763 formal applications for listing wine, spirits and beer. The Listing Committee accepted 431 new products and delisted 211 products because they failed to achieve the provincial quota. In total, the LCBO offered approximately 200 additional products on the general list during the last fiscal year.

The Products and Distribution Division is responsible for administering all activities relating to products. This includes purchasing, shipping, warehousing and distribution to retail stores.

All LCBO products are subject to rigid control measures for both safety and quality. Testing involves tastings and scrutiny by LCBO lab experts to ensure that all alcoholic products meet stringent standards established by Health and Welfare Canada. If a product poses a potential safety hazard, the LCBO takes immediate action to remove it from store shelves and issues a news release. Recalled products are accepted at any LCBO store and a full refund is provided—even if the bottle is open.

The distribution of products to 617 stores across Ontario is a major undertaking. In order to facilitate this task, the Board maintains four distribution warehouses. The newest warehouse in Durham Region is the state of the art in automated warehousing.

Inventory management is a top priority of the Products and Distribution Division. It is currently evaluating and implementing improved methods for domestic and import forecasting and ordering systems.

The laboratory renovation plans have been completed. Additional staff and technical equipment have been added throughout the year to accommodate increased chemical analysis of products.

The Vintages Purchasing Department is currently in the process of reorganization to better handle the increasing demand for Vintages products from consumers across Ontario.

Products Administration has expanded to include the new area of Systems Coordination. It will service the entire division by streamlining and integrating current systems and developing new procedures and systems.

LCBO PRODUCT
LISTINGS
DOMESTIC

	March 31, 1987	March 31, 1986
Canadian Whisky	176	161
Canadian Blended Rums	122	128
Canadian Gin	63	67
Canadian Vodka	79	78
Canadian Brandy	6	6
Canadian Blended Brandy	22	20
Canadian Spirit Coolers	5	1
Alcohol	6	5
Fruit Spirits	6	5
Miscellaneous Liquors	16	13
Canadian Liqueurs	136	110
Ontario Wines	648	635
Ontario Wine Coolers	46	21
Other Canadian Wines	4	17
Canadian Ciders	14	15
Canadian Beers	310	297
Miniatures	59	42
	1,718	1,621

LCBO PRODUCT
LISTINGS
IMPORTED

Whisky—Scotch	94	87
—Irish	4	4
—Bourbon	3	3
—Tennessee	4	2
—Kentucky	1	1
—American	1	1
Gin	14	11
Rum	15	16
Vodka	10	7
Tequila	6	6
Brandy	61	59
Fruit Spirits	6	6
Miscellaneous Liquors	30	30
Liqueurs	76	68
Wines	838	771
Cider	1	1
Beer & Sake	38	28
Specialty Items	—	26
Miniatures	68	52
	1,270	1,179

Total Regular Listings	2,988	2,800
Vintage Wines and Spirits	480	625
Duty-free Listings	83	66
Total Product Listings	3,551	3,491

Human Resources



A friendly and knowledgeable staff provides better service for customers.

PEOPLE CONTINUE TO BE THE BOARD'S STRONGEST ASSETS. THROUGH better education and training, store staff is becoming more knowledgeable about available products and services. The Human Resources Division continues to implement the recommendations of the Human Resources Task Force and the goals and objectives set by the Division Planning Team.

The following are some specific initiatives that were addressed during 1986/87:

- A computerized testing system was approved to test the hearing of all Durham warehouse employees on a regular basis.
- A pilot training store was opened in Burlington as a joint effort with the retail division.
- A new results-oriented performance appraisal system was developed and is now in the testing stage.
- Corporate personnel files were reviewed to ensure that they were properly maintained.
- An audiovisual department was created and a number of videotapes targeted at LCBO staff have been completed and distributed throughout the province.

	March 31, 1987	March 31, 1986
EXECUTIVE OFFICES		
Board Members	5	5
Chairman's office	1	1
Legal	2	2
EVP Administration	8	10
EVP Operations	8	10
EVP Finance	4	0
Total	23	23
EXECUTIVE VICE-PRESIDENT, ADMINISTRATION		
Human Resources	40	31
Management Information Services	66	59
Support Services	69	59
Total	175	149
EXECUTIVE VICE-PRESIDENT, OPERATIONS		
Products & Distribution	467	457
Retail	2,577	2,578
Total	3,044	3,035
EXECUTIVE VICE-PRESIDENT, FINANCE		
Audit	43	43
Finance	63	58
Total	106	101
Grand Total*	3,348	3,308

*Grand total does not include board members.

Management Information Services

MANAGEMENT INFORMATION SERVICES (M.I.S.) HAS CONTINUED to support all divisions by providing computer services and developing systems to meet the needs of the organization.

Because of the expansion of services, a new computer room was constructed to handle the increased amount of hardware required. To complement this high-tech expansion, computer equipment was located in Ottawa and Thunder Bay to support both the licensee distribution depots and the warehouse operations.

A Product Information Data Base has been developed to provide on-line information on products, sales inventory and warehouse shipments for the previous 26 periods.

Support Services



LCBO looks to the future with its store renovation program.

THE COMMUNICATIONS DEPARTMENT HAS BEEN EXPANDED, AND one of its projects has been the redesign of this annual report. *The Exchange*, the staff newspaper, has also been revamped and is now published once a month.

The Communications Department supported the Board's 60th anniversary activities. This resulted in very positive press coverage across the province. A 60th anniversary poster and pamphlets were distributed to all stores, and store staff were provided with special 60th anniversary buttons.

The Properties Department had a busy year renovating some 30 stores. Seventeen of these stores have been converted to the popular self-serve type. During the fiscal year, the Properties Department handled the building of a new 36,000-square-foot distribution centre to serve the Ottawa area.

The Planning and Policy Department recently expanded its mandate to include policy analysis. The Strategic Planning Section has been working with the Strategic Planning Team in the various divisions, assisting them with the planning process. Various special projects have been supported by the Business Analysis Section, including the French Language Services Program, stores development review, information and support to the Ministry of Consumer and Commercial Relations and arrangements for 60th anniversary and United Way special events. The Manuals Development Section has completed half of the administrative manual and is working on several operations manuals.

The LCBO has updated its security services and retained additional investigators. Last year's losses remained very low—about one-tenth the stock breakage and losses experienced by other large Ontario retailers.

Financial Results



Financial Overview

	1987	1986	1985
	(\$000)	(\$000)	(\$000)
Sales	1,767,341	1,646,814	1,599,337
% increase/previous year	7.3	2.9	6.2
	(\$000)	(\$000)	(\$000)
Operating expenses	222,026	197,057	180,863
% of expenses/sales	12.5	11.9	11.3
	(\$000)	(\$000)	(\$000)
Net income	637,194	612,573	604,282
% of income/sales	36.1	37.2	37.8
Self-serve stores in operation	558	529	519
Total stores in operation (including the Toronto Distribution Centre)	618	610	610
Number of permanent employees	3,348	3,308	3,241
Number of regular products listed	2,988	2,800	2,527

Analysis of Income and Expenditures 1987

	(\$000)	% of Total
INCOME		
Sales	1,767,341	90.6
Sales Tax	174,975	9.0
Fees & Other	7,955	0.4
Total	1,950,271	100.00
EXPENDITURES		
Receiver General, Government of Canada	390,148	20.0
Supplies	482,384	24.8
Municipalities	4,313	0.2
Fixed Assets	11,572	0.6
Freight	43,544	2.2
Administrative Costs*	206,141	10.5
Retail Sales Tax	174,975	9.0
Treasurer, Province of Ontario Profits	637,194	32.7
Total	1,950,271	100.00

*Total remuneration paid to LCBO Board Members in 1987 was \$154,006.

Retail Price Breakdown

examples as at March 31, 1987

SPIRITS	Domestic Spirit	Imported Spirit
	750-mL Bottle (26.4 oz.)	750-mL Bottle (26.4 oz.)
Provincial Sales Tax	\$ 1.65	\$ 1.91
LCBO Markup and Levy	7.25	8.82
Federal Sales Tax	.85	.91
Federal Excise Duty	3.22	3.26
Supplier Price to LCBO	2.48	2.95
Total	\$15.45	\$17.85

SUMMARY	To Supplier	\$ 2.48	\$ 2.95
	Federal Government	4.07	4.17
	Provincial Government	8.90	10.73
	Total	\$15.45	\$17.85

WINES	Ontario Table Wine	Imported Table Wine
	1-L Bottle (35.2 oz.)	1-L Bottle (35.2 oz.)
Provincial Sales Tax	\$.58	\$.74
LCBO Markup and Levy	1.66	3.45
Federal Sales Tax	.42	.32
Federal Excise Duty	.45	.51
Supplier Price to LCBO	2.34	1.93
Total	\$5.45	\$6.95

SUMMARY	To Supplier	\$2.34	\$1.93
	Federal Government	.87	.83
	Provincial Government	2.24	4.19
	Total	\$5.45	\$6.95

Sales

TOTAL SALES OF SPIRITS, WINE AND BEER BY BOARD STORES DURING the fiscal year ended March 31, 1987, were \$1,767,341,183. Of this total \$295,155,441 or 16.7% consisted of sales to licensed establishments. Sales of Ontario wine made directly to customers by licensed retail wine stores and wineries in Ontario amounted to \$44,463,501. The net value of beer sold in Ontario by breweries and brewers' retail outlets exclusive of the cost of containers totalled \$1,406,893,231.

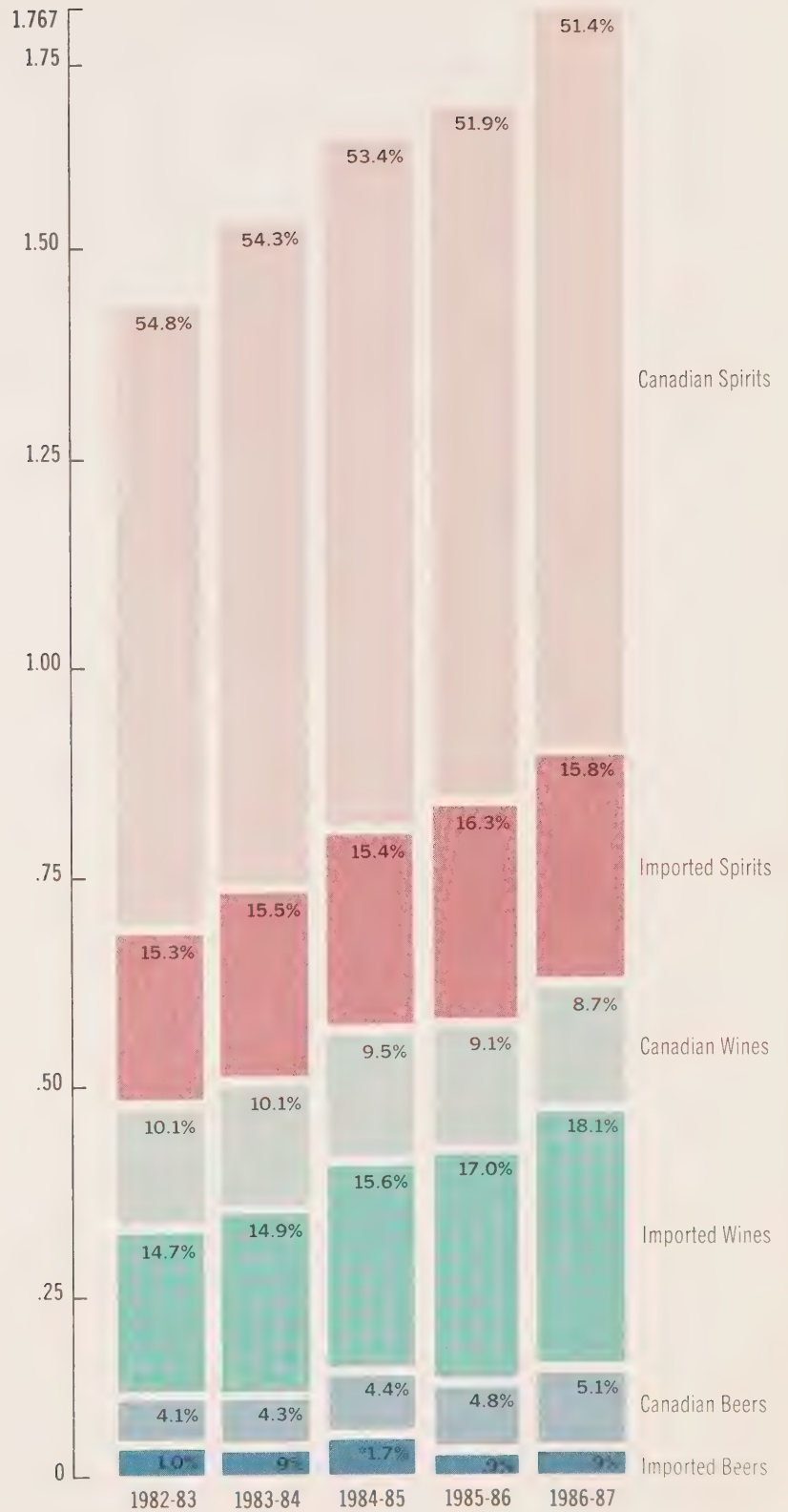
The following tables show increases (decreases) in sales for the fiscal year under review as compared with the previous year's totals:

SALES BY VALUE

	Fiscal Year Ended March 31, 1987	Fiscal Year Ended March 31, 1986	Increase (Decrease)
	(\$000)	(\$000)	(\$000)
Sales by Board Stores			
Canadian Spirits	909,283	854,785	54,498
Imported Spirits	279,048	267,470	11,578
*Canadian Wines	154,293	150,003	4,290
Imported Wines	319,430	280,295	39,135
Canadian Beers	89,467	79,089	10,378
Imported Beers	15,820	15,172	648
Total Sales by Board Stores	1,767,341	1,646,814	120,527
Sales by Ontario Wineries and Winery Stores	44,464	43,458	1,006
Sales by Breweries and Brewers' Retail Stores (exclusive of container value)	1,406,893	1,276,613	130,280

*Includes Ontario wine sales of \$150,289 during fiscal year ended March 31, 1987, compared with \$145,536 during previous year.

SALES BY VALUE
PERCENTAGE OF TOTAL
SALES BY CATEGORY
1982-83 TO 1986-87
(Dollars in Billions)



*The increase in imported beer sales is attributable to the labour dispute which closed the major breweries in Ontario for most of March 1985.

SALES BY LITRES

	Fiscal Year Ended March 31, 1987	Fiscal Year Ended March 31, 1986	Increase (Decrease)
	(000's)	(000's)	(000's)
Sales by Board Stores			
Canadian Spirits	50,867	49,662	1,205
Imported Spirits	12,677	12,980	(303)
*Canadian Wines	31,457	31,124	333
Imported Wines	44,775	44,957	(182)
Canadian Beers	40,301	39,021	1,280
**Imported Beers	5,940	8,077	(2,137)
Total Sales by Board Stores	186,017	185,821	196
Sales by Ontario Wineries and Winery Stores	9,493	9,582	(89)
Sales by Breweries and Brewers' Retail Stores	759,379	756,463	2,916

*Includes Ontario wine sales of 30,723 thousand litres during fiscal year ended March 31, 1987, compared with 30,070 thousand litres during previous fiscal year.

**Sales of imported beers in the first quarter of the previous year were significantly greater after the Ontario brewery labour dispute in March, 1985.

SALES BY LITRES
PERCENTAGE OF TOTAL
SALES BY CATEGORY
1982-83 TO 1986-87
(Litres in Millions)



*The increase in imported beer sales is attributable to the labour dispute which closed the major breweries in Ontario for most of March 1985.

Revenue Payments

LEVIES ON BEVERAGE ALCOHOL SOLD IN THE PROVINCE DURING the year contributed an amount in excess of \$1.2 billion to the Treasurer of Ontario, and revenue paid to the Government of Canada exceeded \$680 million. These amounts do not include corporation, realty and business taxes paid by the distilleries, wineries, breweries and licence holders. Ontario retail sales tax collected by licence holders and agency stores on sales of beverage alcohol is also excluded from these figures.

A summary of these revenue payments is as follows:

TREASURER OF ONTARIO

Remitted by the Liquor Control Board

—on account of profits	\$645,000,000
—Ontario retail sales tax on sales through liquor stores	174,974,814
	<hr/> 819,974,814

Remitted by the Liquor Licence Board

—on account of licence fees and permits	321,026,508
---	-------------

Remitted by Others

—Ontario retail sales tax on sales through brewers' retail stores and retail wine stores	128,557,778	\$1,269,559,100
--	-------------	-----------------

RECEIVER GENERAL FOR CANADA

Remitted by the Board

—customs and excise duties	286,804,133
—federal sales tax on spirits, wines and imported beers	103,343,330
	<hr/> 390,147,463

Remitted by Others

—malt duties and taxes on domestic beers and wines	290,328,979	680,476,442
--	-------------	-------------

ONTARIO MUNICIPALITIES

Remitted by the Liquor Control Board

—grants in lieu of realty and business taxes	4,312,496
	<hr/> \$1,954,348,038

Financial Statements



Balance Sheet

as at March 31, 1987

ASSETS

	1 9 8 7	1 9 8 6
	(\$000)	(\$000)
Current		
Cash	—	8,959
Accounts receivable, trade and others	2,400	3,932
Inventories, at cost	191,421	158,812
Prepaid expenses	1,394	646
	195,215	172,349

LIABILITIES AND RETAINED INCOME

	1 9 8 7	1 9 8 6
	(\$000)	(\$000)
Current		
Bank overdraft	27,867	—
Accounts payable and accrued liabilities	110,531	107,726
Retained Income	56,817	64,623
	195,215	172,349

See accompanying notes to financial statements.

Approved:

J.W. Ackroyd
Chairman

F.A. MacInnis
Executive Vice-President,
Finance

Statement of Income

for the year ended March 31, 1987

	1 9 8 7	1 9 8 6
	(\$000)	(\$000)
Sales	1,767,341	1,646,814
Cost of sales	916,076	843,992
Gross income	851,265	802,822
OPERATING EXPENSES		
Salaries and employee benefits	156,581	141,828
Rent	17,609	16,540
Fixed assets	11,572	7,680
Store supplies and expenses	5,497	4,769
Utilities	4,612	4,525
Grants in lieu of taxes	4,313	4,114
Repairs and maintenance	4,177	3,790
Office supplies and expenses	3,174	3,131
Communication and travelling	2,253	2,081
Stock breakage and losses	2,297	1,900
Overdraft interest	1,776	727
Bank charges	1,479	1,246
Armoured car services	1,360	1,126
Insurance (note 2)	1,132	452
Agency commissions and expenses	1,103	1,014
Professional fees	1,053	486
Other	2,038	1,648
Total	222,026	197,057
OPERATING INCOME	629,239	605,765
OTHER INCOME		
Special occasion permit purchase fees	5,309	4,281
Miscellaneous income	1,915	1,589
Interest income	731	938
Total	7,955	6,808
Net income for the year	637,194	612,573

See accompanying notes to financial statements.

Statement of Retained Income

for the year ended March 31, 1987

	1987	1986
	(\$000)	(\$000)
Balance, beginning of year	64,623	90,050
Add net income for the year	637,194	612,573
	701,817	702,623
Deduct payments to the Treasurer of Ontario on account of net income	645,000	638,000
Balance, end of year	56,817	64,623

See accompanying notes to financial statements.

Notes to Financial Statements

March 31, 1987

1. SIGNIFICANT ACCOUNTING POLICY

The Board's financial statements are prepared in accordance with generally accepted accounting principles except for fixed assets which are written off to operations at the time of acquisition.

2. INSURANCE

The Board follows the policy of self-insuring its store assets for property damage such as fire, water, vandalism or theft. All other material assets are insured by insurance companies.

3. LEASE COMMITMENTS

The Board is committed under operating leases on leased premises with future minimum rental payments due as follows:

	(\$000)
1988	13,778
1989	12,306
1990	10,842
1991	9,261
1992	7,086
Thereafter	14,959
	68,232

4. COMPARATIVE FIGURES

Comparative figures have been reclassified where necessary to conform with 1987 presentation.

Auditors' Report

TO THE LIQUOR CONTROL BOARD OF ONTARIO AND TO THE MINISTER OF CONSUMER AND COMMERCIAL RELATIONS.

I have examined the balance sheet of the Liquor Control Board of Ontario as at March 31, 1987, and the statements of income and retained income for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Board as at March 31, 1987, and the results of its operations for the year then ended in accordance with the accounting policy described in note 1 to the financial statements applied on a basis consistent with that of the preceding year.

Toronto, Ontario
August 7, 1987

D.F. Archer, F.C.A.
Provincial Auditor

LCBO SERVICES
IN ONTARIO

LES SERVICES DE LA
RAO EN ONTARIO



Legend/Légende

- LCBO Stores
Magasins de la RAO
- Agency Stores
Magasins-agences
- Vintages
Vintages
- ▲ Warehouses
Entrepôts
- Distribution Depots
Centres de distribution
- 1** Northern Region
Région du Nord
- 2** Eastern Region
Région de l'Est
- 3** Metropolitan Toronto Region
Région métropolitaine de Toronto
- 4** Western Region
Région de l'Ouest
- 5** Central Region
Région du Centre

Moosonee

Sudbury

Ottawa

2

5

3

Toronto

Hamilton

London

4

Windsor

Rapport du vérificateur

À LA RÉGIE DES ALCOOLS DE L'ONTARIO ET AU MINISTRE DE LA

CONSOMMATION ET DU COMMERCE.

J'ai examiné le bilan de la Régie des alcools de l'Ontario au 31 mars 1987 ainsi que l'état des recettes et des recettes non réparties pour l'exercice terminé à cette date. Ma vérification a été effectuée conformément aux normes de vérification généralement reconnues et a comporté par conséquent les sondages et autres procédés que j'ai jugés nécessaires dans les circonstances.

À mon avis, ces états financiers présentent fidèlement la situation financière de la Régie au 31 mars 1987 et les résultats de ses opérations pour l'exercice terminé à cette date conformément aux pratiques comptables décrites à la note 1 afférente aux états financiers, appliqués de la même manière qu'au cours de l'exercice précédent.

Le vérificateur
de la province,
D.F. Archer, F.C.A.
Toronto (Ontario)
Le 7 août 1987

au 31 mars 1987

Voir les notes afférentes aux états financiers

Le 31 mars 1987

- ### 3. ENGAGEMENT DE LOCATION

Les états financiers de la Régie sont préparés selon les méthodes comptables généralement acceptées sauf en ce qui concerne les immobilisations qui sont radiées des dépenses d'exploitation dès leur acquisition.

Les données comparatives ont été reclassées lorsque cela était nécessaire afin d'établir une présentation conforme à celle de 1987.

Par la suite	
1988	13 778
1989	12 306
1990	10 842
1991	9 261
1992	7 086
	14 959
	68 232

Etat des recettes

au 31 mars 1987

1 9 8 6	(000 \$)	Ventes	1 767 341	1 646 814
1 9 8 7	(000 \$)	Coût des produits	916 076	843 992
851 265	802 822	Recettes brutes		
156 581		Salaires et avantages sociaux		141 828
17 609		Loyer		16 540
11 572		Immobilisations		7 680
5 497		Fournitures et frais des magasins		4 769
4 612		Services publics		4 525
4 313		Subventions tenant lieu de taxes		4 114
4 177		Réparations et entretien		3 790
3 174		Fournitures et frais de bureau		3 131
2 253		Communications et déplacements		2 081
2 297		Bris et pertes de produits		1 900
1 776		Intérêt sur découvert bancaire		727
1 479		Frais bancaires		1 246
1 360		Services de véhicules blindés		1 126
1 132		Assurances (note 2)		452
1 103		Commissions et frais d'agence		1 014
1 053		Honoraires professionnels		486
2 038		Autres		1 648
222 026	197 057	Total		
629 239	605 765	RECETTES D'EXPLOITATION		
5 309	4 281	Droits sur les permis de circonstance		
1 915	1 589	Recettes diverses		
731	938	Intérêts créditeurs		
7 955	6 808	Total		
637 194	612 573	Recettes nettes de l'exercice		

Voir les notes afférentes aux états financiers

Bilan
au 31 mars 1987

ACTIF

1 9 8 6	1 9 8 7	
(000 \$)	(000 \$)	
8 959	—	Actif à court terme
3 932	2 400	Encaisse
158 812	191 421	Comptes-clients, clientèle commerciale, autres
646	1 394	Stocks, au prix coûtant
172 349	195 215	Frais payés à l'avance

PASSIF ET RECETTES
NON RÉPARTIES

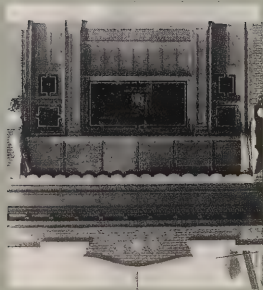
1 9 8 6	1 9 8 7	
(000 \$)	(000 \$)	
—	27 867	Passif à court terme
107 726	110 531	Découvert bancaire
64 623	56 817	Comptes-fournisseurs et frais courus
172 349	195 215	Recettes non réparties

Voir les notes afférentes aux états financiers

Approuvé par :

J.W. Ackroyd
Président

F.A. MacInnis
Vice-président générale,
Finances



Rapports financiers

Verserment des recettes

LES DROITS PRÉLEVÉS SUR LES BOISSONS ALCOLISÉES VENDUES en Ontario au cours de l'année ont représenté un montant d'un peu plus de 1,2 milliard de dollars qui a été versé au Trésorier de l'Ontario tandis que la proportion des recettes versées au gouvernement du Canada s'est élevée à un peu plus de 680 millions de dollars. Ces montants ne comprennent pas les impôts sur les bénéfices des compagnies, les impôts fonciers et les taxes d'affaires payés par les distillateurs, les fabricants de vin, les brasseries et les titulaires de permis. Le montant de la taxe de vente au détail de l'Ontario applicable à la vente de boissons alcoolisées et recueilli par les titulaires de permis et les magasins-agences n'est pas compris dans les données présentées ci-dessous.

Le sommaire du verserment des recettes est le suivant :

TRÉSORIER DE
L'ONTARIO

Versé par la RAO
— en acompte sur les bénéfices 645 000 000 \$
— taxe de vente au détail de l'Ontario
provenant des magasins de la RAO 174 974 814
819 974 814

Versé par la RAO
— en acompte sur les droits et permis
payés par les titulaires 321 026 508

Versé par d'autres
— Taxe de vente au détail de l'Ontario
provenant des magasins Brewers' Retail
et des magasins de vin 128 557 778

1 269 559 100 \$

RECEVEUR GÉNÉRAL
DU CANADA

Versé par la RAO
— droits de douane et taxe d'accise 286 804 133
— taxe de vente au détail fédéral sur les
spiritueux, le vin et la bière importée 103 343 330
390 147 463

Versé par d'autres
— droits sur le malt et taxes sur la bière
et le vin canadiens 290 328 979

680 476 442

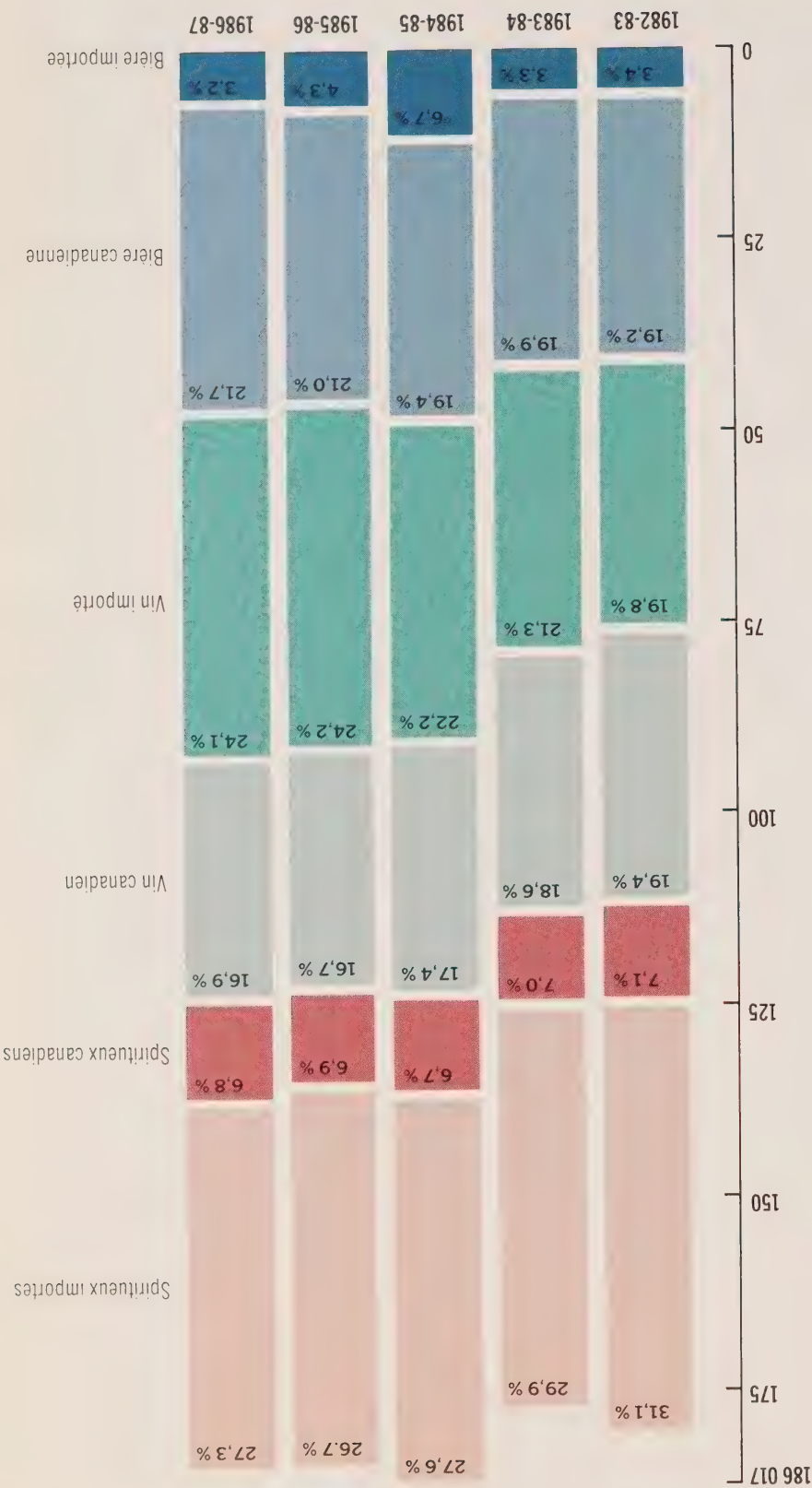
Versé par la RAO
— subventions tenant lieu d'impôt foncier
et de taxe d'affaires

4 312 496

1 954 348 038 \$

MUNICIPALITÉS DE
L'ONTARIO

L'accroissement des ventes de bière importée est attribuable au conflit de travail qui a paralysé les plus importants fabricants de bière en Ontario pendant le mois de mars 1985.



VENTES EN LITRES
DU TOTAL DES
VENTES PAR
CATÉGORIES DE
PRODUITS
1982-1983 À
1986-1987
(en millions de litres)

VENTES EN LITRES

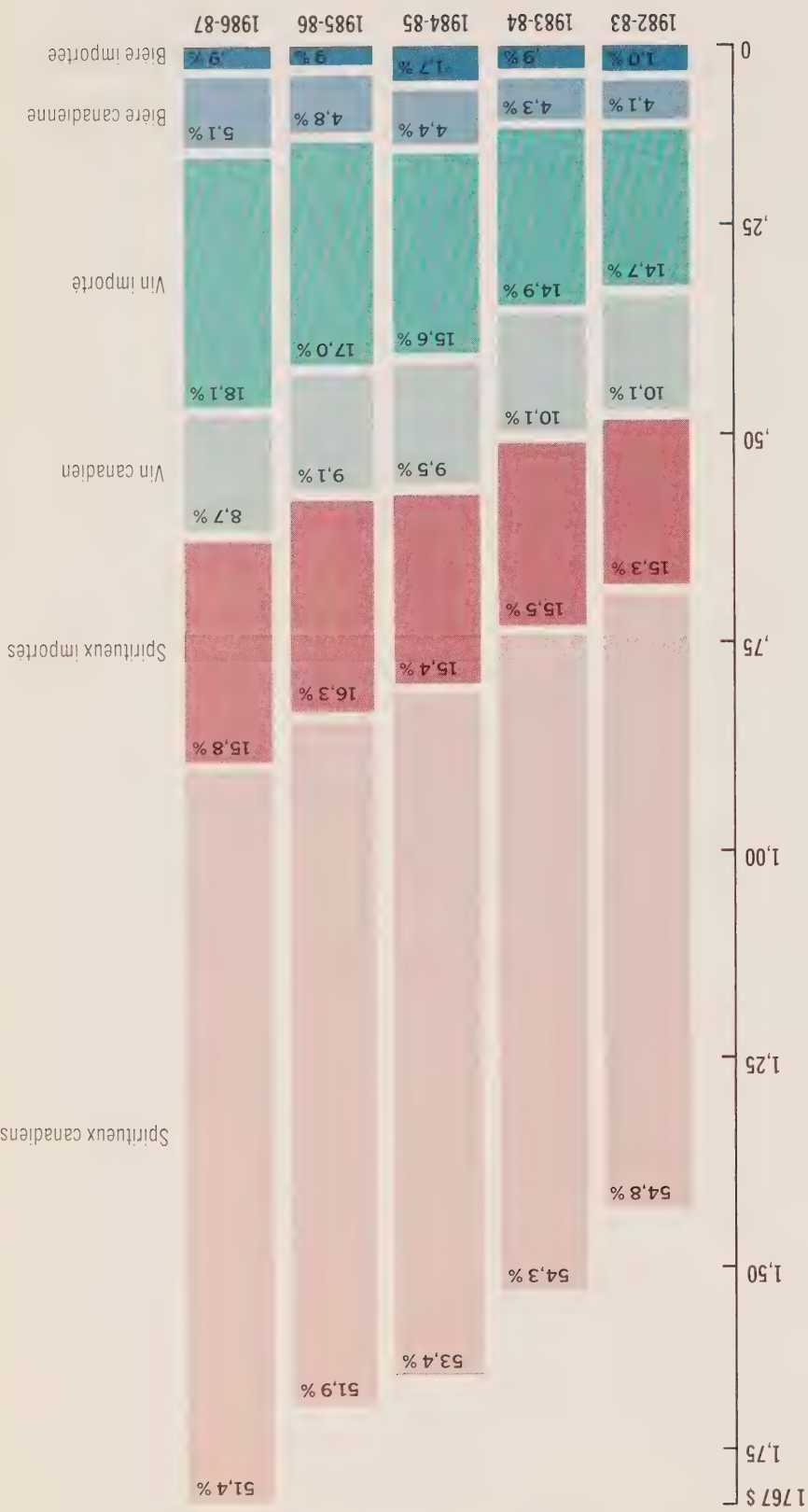
Augmentation (Diminution)	Au 31 mars 1987	Au 31 mars 1986	(000's)
			(000's)
Ventes par les magasins de la RAO			
Spiritueux canadiens	50 867	49 662	1 205
Spiritueux importés	12 677	12 980	(303)
Vin canadien*	31 457	31 124	333
Vin importé	44 775	44 957	(182)
Bière canadienne	40 301	39 021	1 280
Bière importée**	5 940	8 077	(2 137)
Ventes totales par les magasins de la RAO	186 017	185 821	196
Ventes par les fabricants et les magasins de vin de l'Ontario			
	9 493	9 582	(89)
Ventes par les fabricants de bière et par les magasins Brewers' Retail			
	759 379	756 463	2 916

*Comprend le total des ventes de vin ontarien qui s'est élevé à 30 723 milliers de litres pour l'année financière se terminant au 31 mars 1987, comparativement à 30 070 milliers de litres pour l'année financière précédente.

**Les ventes de bière importée ont été sensiblement plus élevées pendant le premier trimestre de l'année précédente à la suite d'un conflit de travail qui a affecté les fabricants de bière de l'Ontario en mars 1985.

MONTANT DES VENTES
POURCENTAGE
DU TOTAL DES
VENTES PAR
CATÉGORIES DE
PRODUITS
1982-1983 A
1986-1987
(en milliards de dollars)

L'accroissement des ventes de bière importée est attribuable au
conflit de travail qui a paralysé les plus importants fabricants de
bière en Ontario pendant le mois de mars 1985.



MONTANT DES VENTES

PENDANT L'ANNÉE FINANCIÈRE QUI S'EST TERMINÉE LE 31 MARS 1987, le montant total des ventes de spiritueux, de vin et de bière s'est élevé à 1 767 341 183 \$. De ce montant, 295 155 441 \$ ou 16,7 % représentent le montant des ventes aux établissements autorisés. Le montant des ventes de vin ontarien vendu directement aux clients par les magasins de vin autorisés et par les fabricants de vin s'est élevé à 44 463 501 \$. Le montant net des ventes de bière en Ontario effectuées par les fabricants et par les magasins Brewers' Retail, exclusion faite du coût des contenants, s'est élevé à 1 406 893 231 \$. Le tableau ci-dessous indique l'augmentation (diminution) des ventes pendant la dernière année financière comparativement à la précédente.

Augmentation (Diminution)	Au 31 mars 1987	Au 31 mars 1986	(000 \$)
	(000 \$)	(000 \$)	(000 \$)
Ventes par les magasins de la RAO			
Spiritueux canadiens	909 283	854 785	54 498
Spiritueux importés	279 048	267 470	11 578
Vin canadien*	154 293	150 003	4 290
Vin importé	319 430	280 295	39 135
Bière canadienne	89 467	79 089	10 378
Bière importée	15 820	15 172	648
Total des ventes par les magasins de la RAO	1 767 341	1 646 814	120 527

Ventes par les fabricants et les magasins de vin

44 464	43 458	1 006
--------	--------	-------

Ventes par les fabricants de bière et les magasins Brewers' Retail (excluant le coût des contenants)

1 406 893	1 276 613	130 280
-----------	-----------	---------

*Comprend le montant des ventes de vin ontarien qui s'est élevé à 150 289 \$ pour l'année financière se terminant au 31 mars 1987, comparativement à 145 536 \$ pour l'année financière précédente.

au 31 mars 1987

Aux fournisseurs	2,34 \$	1,93 \$
Au gouvernement fédéral	,87	,83
Au gouvernement provincial	2,24	4,19
Total	5,45 \$	6,95 \$

Situation financière

1 9 8 7	1 9 8 6	1 9 8 5
1 767 341	1 646 814	1 599 337
(000 \$)	(000 \$)	(000 \$)
Ventes		
7,3	2,9	6,2
% d'augmentation sur l'année précédente		
(000 \$)	(000 \$)	(000 \$)
222 026	197 057	180 863
12,5	11,9	11,3
% des dépenses par rapport aux ventes		
(000 \$)	(000 \$)	(000 \$)
637 194	612 573	604 282
36,1	37,2	37,8
% des recettes par rapport aux ventes		
558	529	519
Nombre de magasins libre-service		
618	610	610
Nombre total de magasins (incluant le centre de distribution de Toronto)		
3 348	3 308	3 241
Nombre d'employés permanents		
2 988	2 800	2 527
Nombre de produits offerts régulièrement		

Analyse des recettes et des dépenses 1987

	(000 \$)	% du total
RECETTES		
Ventes	1 767 341	90,6
Taxe de vente au détail	174 975	9,0
Droits et autres	7 955	0,4
Total	1 950 271	100,00
DÉPENSES		
Receveur général du gouvernement du Canada	390 148	20,0
Fournitures	482 384	24,8
Municipalités	4 313	0,2
Immobilisations	11 572	0,6
Transport	43 544	2,2
Frais d'administration	206 141	10,5
Taxe de vente au détail	174 975	9,0
Bénéfices versés au Trésorier de l'Ontario	637 194	32,7
Total	1 950 271	100,00

La rémunération totale versée aux membres du conseil d'administration en 1987 a été de 154 006 \$.

États financiers



Division des services de gestion informatique

LA DIVISION DES SERVICES DE GESTION INFORMATIQUE A CONTINUÉ d'aider toutes les divisions en mettant sur pied des services informatisés et en développant des systèmes qui répondent aux besoins de l'organisme.

En raison de l'accroissement des services, une nouvelle salle d'ordinateurs a été aménagée dans le but de permettre l'installation d'appareils supplémentaires. Cette expansion technologique a été complétée par l'installation d'ordinateurs à Ottawa et Thunder Bay afin de faciliter le travail des centres de distribution et des entrepôts.

Une banque de données sur les produits a été créée dans le but de fournir des renseignements instantanés sur les produits, les ventes et les expéditions effectuées par les entrepôts au cours des 26 périodes précédentes.

Services de soutien

LE SERVICE DES COMMUNICATIONS A ÉTÉ ÉTENDU ET L'UN DE SES projets fut la conception de ce rapport annuel. Le journal d'information interne, *The Exchange*, a aussi une nouvelle apparence et est maintenant publié une fois par mois.

Le Service des communications a également appuyé les activités marquant le 60^e anniversaire de la Régie. Cela a eu pour effet de susciter une couverture de presse très positive dans toute la province. Une affiche et des brochures du 60^e anniversaire ont été distribuées à tous les magasins et une boutonnière du 60^e anniversaire a été donnée à chacun des employés.

Le Service des immeubles a été occupé à la rénovation de 30 magasins. De ce nombre, 17 ont été convertis en magasins de type libre-service. Au cours de l'année financière, le Service des immeubles s'est occupé de la construction du centre de distribution de 36 000 pieds carrés qui desservira la région d'Ottawa. Le mandat du Service de planification et des politiques a été étendu récemment et comprend maintenant l'analyse des politiques. La Section de planification stratégique a aidé l'équipe de planification, la Section des analyses commerciales a été chargée de divers projets spéciaux, tels que le programme des services en français, l'étude du développement du réseau de magasins, l'information et le soutien au ministère de la Consommation et du Commerce, les activités se rapportant au 60^e anniversaire, de même que les activités spéciales relatives à la campagne Centraide. La Section de l'élaboration des manuels a rédigé la moitié du manuel d'administration tandis que plusieurs manuels d'exploitation sont en voie d'élaboration.

La RAO a modernisé ses services de sécurité et s'est assurée les services d'enquête supplémentaires. Les pertes encourues l'année dernière sont demeurées relativement basses, c'est-à-dire environ un dixième des bris et des pertes encourus par les autres détaillants importants en Ontario.



La RAO est tournée vers l'avenir avec son programme de rénovation des magasins.

Ressources humaines

L'ACTIF LE PLUS IMPORTANT DE LA RÉGIE EST SON PERSONNEL.

Grâce à une meilleure éducation et à une meilleure formation, les employés des magasins connaissent de mieux les produits et les services disponibles. La Division des ressources humaines a poursuivi la mise en oeuvre des recommandations du Groupe de travail sur les ressources humaines, de même que la réalisation des buts et objectifs établis par l'équipe de la Division de la planification. Au cours de la dernière année financière, les initiatives suivantes ont été prises :

- un système informatisé a été approuvé dans le but d'analyser régulièrement les capacités auditives de tous les employés de l'entrepôt de Durham;
- un magasin-école a été aménagé à Burlington en collaboration avec la Division de la vente au détail dans le but d'assurer la formation du personnel;
- un nouveau système d'évaluation du rendement basé sur les résultats a été mis au point et est présentement à l'essai;
- les dossiers du personnel ont été étudiés dans le but de veiller à ce qu'ils soient maintenus adéquatement;
- un service audiovisuel a été créé et un certain nombre de vidéos ont été préparées et distribuées à l'intention du personnel de la RAO dans toute la province.

Un personnel aimable et bien formé offre de meilleurs services à la clientèle.



Au 31 mars 1987		Au 31 mars 1986	
Membres du conseil d'administration			
5		5	
Total		23	
Bureau du président	1	1	1
Services juridiques	2	2	2
VPG Administration	8	8	10
VPG Exploitation	8	8	10
VPG Finances	4	4	0
Total		23	
Ressources humaines	40	31	31
Services de gestion informatique	66	59	59
Services de soutien	69	59	59
Total		149	
Produits et distribution	467	457	457
Vente au détail	2 577	2 578	2 578
Total		3 044	
Vérification	43	43	43
Finances	63	58	58
Total		106	
Grand total¹²		3 348	
Grand total¹²		3 308	

¹² Le grand total n'inclut pas les membres du conseil d'administration

DIRECTION

VICE-PRÉSIDENT GÉNÉRAL, ADMINISTRATION

VICE-PRÉSIDENT GÉNÉRAL, EXPLOITATION

VICE-PRÉSIDENT GÉNÉRAL, FINANCES

PRODUITS IMPORTÉS
OFFERTS PAR LA RAO

Nombre total de produits offerts		3 491
Produits hors-taxes	83	66
Vins et spiritueux rares	480	625
Nombre de produits réguliers offerts	2 988	2 800
		1 179
Whisky—Scotch	94	87
—Irlandais	4	4
—Bourbon	3	3
—Tennessee	4	2
—Kentucky	1	1
—Américain	1	1
Gin	14	11
Rhum	15	16
Vodka	10	7
Tequila	6	6
Brandy	61	59
Eaux-de-vie aux fruits	6	6
Boissons alcoolisées diverses	30	30
Liqueurs	76	68
Vin	838	771
Cidre	1	1
Bière et Saké	38	28
Produits de marque	—	26
Bouteilles miniatures	68	52

PRODUITS CANADIENS
OFFERTS PAR LA RAO

		1 718	1 621
Whisky canadien	176	161	128
Rhum canadien mélange	122	67	78
Gin canadien	63	6	20
Brandy canadien	6	1	5
Brandy canadien mélange	22	5	6
Brevages alcoolisés canadiens	5	6	5
Alcool	6	136	110
Eaux-de-vie aux fruits	6	648	635
Boissons alcoolisées diverses	16	46	21
Liqueurs canadiennes	136	4	17
Vin de l'Ontario	648	14	15
Brevages au vin de l'Ontario	46	310	297
Autres vins canadiens	4	59	42
Cidre canadien	14		
Bière canadienne	310		
Bouteilles miniatures	59		

Au 31 mars 1987

Au 31 mars 1986

Produits et distribution



L'entrepôt informatisé de la région de Durham permet d'assurer une distribution rapide et efficace des produits.

LES ONTARIENS ONT ACCÈS À L'UNE DES PLUS VASTES SÉLECTIONS de vins et spiritueux au monde. Ils peuvent choisir parmi une liste de plus de 3 000 produits dont la variété s'accroît à chaque année. Au cours des trois dernières années, la RAO a lancé plus de 600 nouveaux produits.

L'année dernière, la RAO a reçu et étudié 2 763 demandes officielles pour inclure des vins, des spiritueux et des bières sur sa liste de produits. Le comité chargé d'établir cette liste a accepté 431 nouveaux produits et a retiré 211 produits qui n'ont pu atteindre l'allocation provinciale requise. Au total, la RAO a offert 220 produits additionnels au cours de la dernière année financière.

La Division des produits et de la distribution est chargée de toutes les activités se rapportant aux produits. Cela comprend l'achat, l'expédition, l'entreposage et la distribution aux magasins.

Tous les produits vendus par la RAO sont soumis à des mesures de contrôle très sévères quant à la sécurité et à la qualité. Les vérifications comprennent des dégustations et des analyses effectuées par les chimistes de la RAO dans le but de veiller à ce que toutes les boissons alcoolisées respectent les normes rigoureuses établies par Santé et Bien-être Canada. Si on découvre qu'un produit peut représenter un danger, la RAO le retire immédiatement des magasins et publie un communiqué à ce sujet. Les clients peuvent rapporter les produits ainsi retirés à n'importe quel magasin de la RAO et obtenir un remboursement complet, même si la bouteille a été ouverte.

La distribution des produits aux 617 magasins répartis partout en Ontario est une tâche de grande envergure. Dans le but de faciliter ce travail, la Régie dispose de quatre entrepôts de distribution. D'ailleurs, le nouvel entrepôt aménagé dans la région de Durham est doté d'un système d'entreposage informatisé très perfectionné.

La gestion des stocks est la priorité de la Division des produits et de la distribution. Elle est présentement à l'évaluation et à mettre en œuvre des méthodes améliorées de prévision de la demande et de commande de produits canadiens et importés. Les plans de rénovation du laboratoire ont été complétés. Des employés additionnels et du nouvel équipement se sont ajoutés au cours de l'année pour permettre une augmentation du nombre d'analyses chimiques des produits.

Le Service d'achat des produits Vintages est en voie de réorganisation dans le but d'être mieux en mesure de répondre à la demande croissante des produits Vintages de la part des consommateurs ontariens.

Le Service d'administration des produits a été étendu de façon à y inclure le nouveau secteur de la coordination des systèmes. Ce service permettra à l'ensemble de la division de rationaliser et d'intégrer les systèmes actuels et d'élaborer de nouvelles procédures et de nouveaux systèmes.

Division de la vente au détail

LA DIVISION DE LA VENTE AU DÉTAIL A OUVERT RÉCÉMMENT DEUX magasins très particuliers : le magasin Vintages de London, qui n'a pas tardé à devenir très populaire dans les milieux commerciaux de cette ville, et celui du quartier chinois de Toronto, qui a été spécialement conçu pour refléter le caractère culturel de ce quartier. Pendant la dernière année financière, un magasin Vintages a aussi ouvert ses portes à Ottawa afin de servir ce marché important. Plusieurs magasins offrent maintenant à leurs clients un choix de produits Vintages. Le programme IMAGÉ a été étendu à 391 magasins de plus au cours de la dernière année. Dans ces magasins, les produits sont présentés de façon plus attrayante, ce qui rend le magasinage plus agréable et l'information plus facile à obtenir. Un centre de distribution informatisé a ouvert ses portes à Ottawa cette année. Le centre de distribution de Thunder Bay a également été informatisé, ce qui a accru l'efficacité de la distribution des produits aux titulaires de permis de ces deux villes.

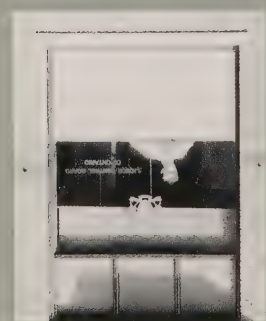
La Division de la vente au détail a mis au point une méthode efficace pour refroidir le vin acheté par les clients. Au cours de la dernière année, la division a réalisé un projet-pilote dans le but de déterminer la possibilité d'utiliser des appareils portatifs servant à refroidir le vin. L'expérience tentée dans deux magasins a suscité une réaction positive de la part des clients.

Il y a maintenant 26 appareils portatifs servant à refroidir le vin qui sont répartis dans la province et la Division de la vente au détail surveille attentivement la réaction de la clientèle.

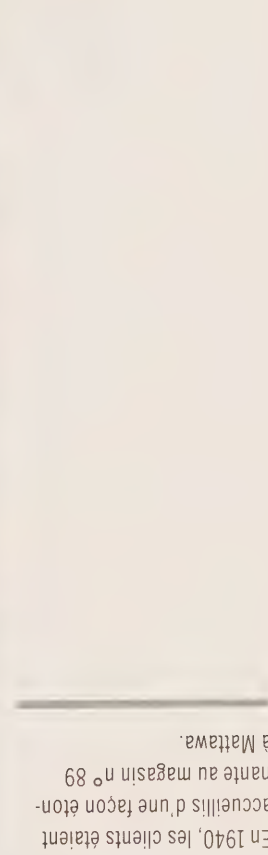
Des mesures importantes ont été adoptées dans le but d'améliorer le service à la clientèle. Celles-ci comprennent un programme visant à permettre aux employés de mieux connaître les produits et un programme permettant de choisir le magasin de l'année dans chaque district. De nouveaux uniformes et de nouvelles plaques portant le nom de chaque employé assurent une présence plus visible du personnel des magasins auprès des clients.



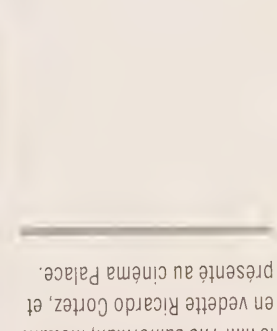
Le magasin de la RAO dans le quartier chinois de Toronto reflète le caractère culturel de ce secteur.



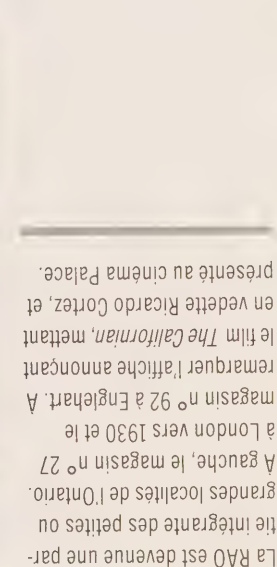
Rapports des divisions



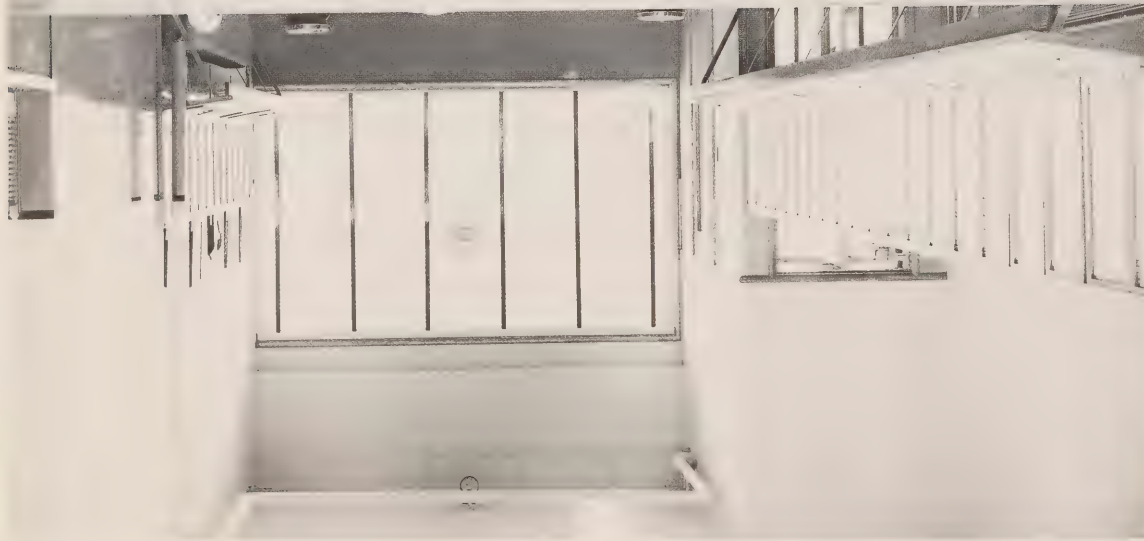
En 1940, les clients étaient accueillis d'une façon étonnante au magasin n° 89 à Mattawa.



La RAO est devenue une partie intégrante des petites ou grandes localités de l'Ontario. À gauche, le magasin n° 27 à London vers 1930 et le magasin n° 92 à Englehart. À remarquer l'affiche annonçant le film *The Californian*, mettant en vedette Ricardo Cortez, et présenté au cinéma Palace.



La photo prise derrière le comptoir du magasin n° 79 à Port Hope illustre très bien à quel point les goûts des consommateurs ont changé depuis 1950, année pendant laquelle cette photo a été prise.



La conception de l'intérieur des magasins de la RAO reflète les goûts de l'époque. On aperçoit, à gauche, le magasin n° 45 à Peterborough en 1955 et le magasin n° 133 à Petrolia en 1930.



La RAO célèbre son 60^e anniversaire

LA RÉGIE DES ALCOOLS DE L'ONTARIO A ÉTÉ CRÉÉE IL Y A 60 ANS.

Depuis ce temps, son mandat consiste à régir la distribution et la vente de toutes les boissons alcoolisées dans la province. Le 1^{er} juin 1927 est une date mémorable non seulement pour la RAO, mais pour tous les Ontariens. La création de la Régie marquait la fin de la Prohibition qui a été en vigueur de 1916 à 1927.

Quelques mois seulement après la création de la Régie, 16 magasins avaient ouvert leurs portes. Mais les choses se déroulaient à un rythme si rapide qu'à la fin de la première année d'existence, 86 magasins avaient ouvert leurs portes en Ontario. Aujourd'hui, il existe 617 magasins. À l'époque, la Régie comptait 785 employés. De nos jours, plus de 5 500 personnes sont à son emploi dans les entrepôts, les bureaux et les magasins répartis dans toute la province.

La RAO a évolué considérablement depuis 60 ans. La liste ci-dessous énumère les faits saillants et les principales réalisations de la Régie :

1916-1927 — La période de la Prohibition. L'Ontario Temperance Act était en vigueur et seule la vente du vin canadien était permise. En 1927, cette loi fut remplacée par la Loi sur les alcools.

1927 — Création de la Régie des alcools de l'Ontario.

1934 — Autorisation d'exploiter des salles où la bière peut être consommée (brasseries) et de vendre de la bière et du vin dans les salles à dîner.

1947 — La vente de boissons alcoolisées dans les bars a été autorisée par la loi.

1961 — Abolition des cartes servant à enregistrer les achats de boissons alcoolisées en usage depuis 34 ans.

1969 — Le premier magasin libre-service ouvre ses portes.

1971 — Remise en vente des bouteilles de spiritueux de 40 onces.

1972 — Mise sur le marché des cruches de vin de 80 onces et des bouteilles miniatures. Début du programme des vins et spiritueux rares.

1975 — La RAO devient une société de la Couronne.

1985 — Lancement du programme Vintages. Ces magasins spécialisés de la RAO (6 en tout) offrent de 500 à 600 produits (bière, vin et spiritueux) en quantité limitée. Il est possible de déguster quotidiennement certains produits au comptoir de dégustation des magasins Vintages.

1986 — Adoption d'un nouvel emblème pour la RAO et les magasins Vintages.

Approbation des magasins de bière avec service à l'auto. Certains magasins offrent des produits kaschers. Divers produits de marque (tire-bouchons Vintage, registres des vins, etc.) sont offerts dans les magasins.

1987 — La RAO célèbre son 60^e anniversaire. Des magasins hors taxes ouvrent leurs portes à la frontière. Des magasins Vintages ouvrent leurs portes à Ottawa et London. Le nouveau magasin dans le quartier chinois de Toronto est le premier magasin de la RAO à avoir été conçu de façon à refléter le caractère culturel propre du quartier dans lequel il se trouve. Des appareils servant à refroidir le vin ont été installés dans 26 magasins dans la province dans le but de vérifier leur efficacité et la réaction du public. Des comptoirs de dégustation ont été aménagés dans des magasins réguliers de la RAO dans la province afin de donner l'occasion aux clients de goûter certains produits avant de les acheter.

Peterborough



Hamilton



Toronto



Smiths Falls





À votre service depuis 60 ans

Directeurs généraux

De gauche à droite :
 Al MacInnis, vice-président
 général, Finances; Ulrich
 Ferdinand, vice-président;
 Jack Ackroyd, président;
 Helen Vanner, vice-présidente
 générale, Administration;
 Don Jackman, vice-président
 générale, Exploitation;
 absent : James Mahoney,
 conseiller juridique.



Membres du conseil d'administration

De gauche à droite :
 Dr Katy Driver-
 Radhakrishnan, professeure
 de pédiatrie, Université de
 Toronto; Ulrich Ferdinand,
 vice-président de la RAO;
 Fred Hooper, président de
 H & H Saddlery; Jack
 Ackroyd, président de la
 RAO; absent : John Fryer,
 président national, National
 Union of Provincial Govern-
 ment Employees.



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L'honorable William Wrye

Ministre de la Consommation et du Commerce

555, rue Yonge

Toronto (Ontario)

M7A 2H6

Monsieur le Ministre,

Il me fait plaisir de vous présenter le 61^e rapport annuel de la Régie des alcools

de l'Ontario (RAO).

La RAO a connu une année historique parce que 1987 marque son 60^e anniversaire. Au cours des trois dernières années, de nombreux changements ont été effectués. Nous améliorerons rapidement notre image et cherchons constamment les moyens d'offrir un meilleur service.

Pendant la dernière année financière nous avons amélioré notre service en prolongeant les heures d'ouverture de plusieurs magasins et, aussi, en offrant un plus grand nombre de produits. D'ailleurs, nous offrons maintenant plus de 3 000 produits. Cela permet aux Ontariens de bénéficier de l'une des plus vastes sélections de produits au monde à des prix uniformes dans toute la province. Nous continuons de répondre à la demande du public en ouvrant de nouveaux magasins. L'année dernière, nous avons ouvert un magasin Vintages à Ottawa et, plus récemment, à London, ce qui porte à six le nombre de ces magasins dans la province.

Quelques-uns des magasins ouverts récemment ont été aménagés et décorés de façon à s'intégrer aux quartiers dans lesquels ils sont établis. Par exemple, lors de la conception du nouveau magasin de la rue Spadina, nous avons consulté les groupes du quartier chinois de Toronto dans le but de nous assurer que le magasin s'intègre bien à ce milieu.

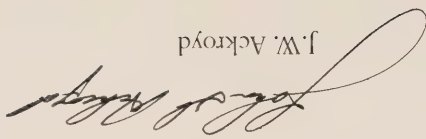
Nous avons également poursuivi le processus de conversion des magasins avec service au comptoir en magasins libre-service. Il existe encore 46 magasins avec service au comptoir et notre objectif est de les convertir en magasins libre-service au cours des trois prochaines années. Il y a présentement 617 magasins de vins et spiritueux en Ontario.

Les deux-tiers des magasins ont adopté le programme IMAGÉ, abandonnant ainsi leur aspect traditionnel et ternes. Les produits y sont désormais présentés sur des étalages attrayants disposés en îlots, de même que sur des présentoirs élégants placés dans les vitrines des magasins, ce qui contribue à créer une atmosphère propice au magasinage.

Nous avons aussi amélioré notre programme de communication. Dans les magasins, nous fournissons une meilleure information aux clients et des documents d'information sont distribués plus fréquemment au personnel. Ce rapport annuel, qui est le premier rapport annuel bilingue publié par la Régie, est présenté sous un nouveau format.

Les rapports d'activités qui sont présentés dans les pages suivantes soulignent quelques-unes des initiatives prises par la Régie au cours de la dernière année. Nous avons l'intention de poursuivre la réalisation des progrès qui ont déjà été entrepris et de veiller à offrir aux Ontariens le meilleur service à la clientèle qui soit.

Le président,


J.W. Ackroyd

Rapport annuel

1 9 8 7

À votre service depuis 60 ans



Régie
des alcools
de l'Ontario

CA 20N

LC

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A n n u a l R e p o r t



The Honourable William Wrye

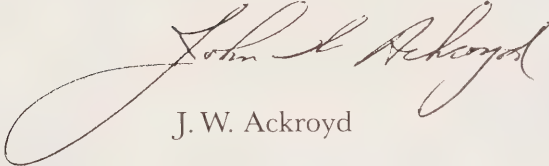
Minister of Consumer and Commercial Relations

F r o m t h e C h a i r m a n

Sir;

I have the honour to submit for your approval the 1987/88 Annual
Report of the Liquor Control Board of Ontario.

Respectfully submitted,

A handwritten signature in cursive script, reading "John W. Ackroyd". The signature is written in dark ink and is positioned above the printed name and title.

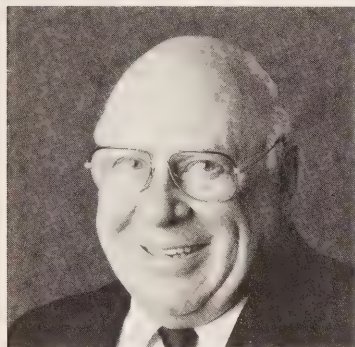
J. W. Ackroyd

Chairman

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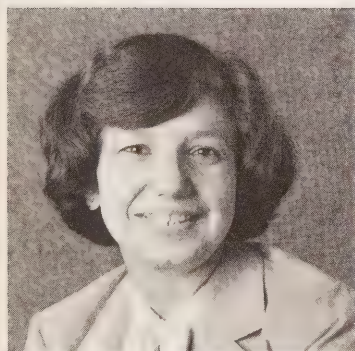
B o a r d o f D i r e c t o r s



Jack Ackroyd,
chairman



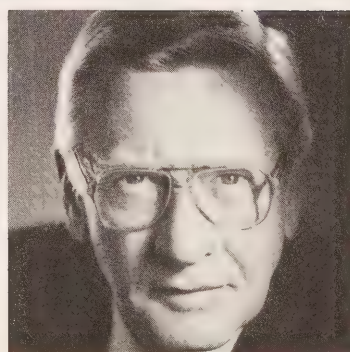
Steven Stavro,
president,
Knob Hill
Farms Ltd.



Dr. Katy Driver-
Radhakrishnan,
professor of
pediatrics,
University
of Toronto



John Fryer,
national president,
National Union
of Provincial
Government Employees



Richard Sharpe,
chief executive
officer,
chairman of the board,
Sears Canada Inc.

During this past fiscal year, the LCBO remitted profits of \$635 million to the Treasurer of Ontario.

Chairman and Board of Directors' Report



Chairman

Jack

Ackroyd

Although spirit sales remained flat, the popularity of coolers was evident by a 106 per cent increase in sales. Ontario wineries also experienced modest growth in market share and imported beers had a 25 per cent increase in sales.

As the public's tastes change and our customers demand the best possible products in a pleasing and stimulating environment, we will continue to improve our service.

For example, last year we increased our tasting counters to enable customers to sample products. We expanded our hours of operation in many stores and offered Vintages' selections in additional stores. We will continue to improve services to meet the needs of more sophisticated consumers.

In order for us to reach our goal to be the best, most efficient and professional retailer of its type in the world, the LCBO underwent a large-scale reorganization last year. We now have a solid foundation on which to build a customer-driven retail business.

Retail expertise on board

The most significant change in our structure was the strengthening of the composition and role of the Board of Directors. Our Board which meets monthly provides us with outside input and an objective look at the way we do business.

Two new Board members have many years of successful retail experience to offer the LCBO. Richard Sharpe, chairman of the board and chief executive officer of Sears Canada Inc., and Steve Stavro, founder and president of Knob Hill Farms, are contributing their extensive knowledge of the retail business.

The recent reorganization has made the Board more retail-oriented and has created a new senior management operating structure. Len Pitura was appointed to the newly created position of Executive Vice President. His job is to ensure that the LCBO's customer-related functions (merchandising, retail and distribution) and the Board's support functions (human resources, information services and finance) work together smoothly.

A Senior Vice President of Operations has been appointed. This position is responsible for co-ordinating merchandising, retail and distribution activities at the LCBO. We plan to further streamline senior management in the future by combining the positions of Senior Vice President Operations and Executive Vice President. All Vice Presidents will report to the new position.

Four key areas

The LCBO has targeted four key areas for future consideration. CUSTOMER SERVICE is number one. A new merchandising division has been formed to ensure that our customers get the products they want, when and where they want them.

Our store network will be more responsive to customer needs and local stores will reflect customer shopping habits. Plans are underway to open the first full-service store which will include all product brands, refrigerator units, wine chillers, tasting counters, a beer boutique and the service of wine consultants, all under one roof!

The second key area is MERCHANDISING AND EFFECTIVE DISTRIBUTION of the products. We plan to monitor our success through a series of independent customer surveys. The results of the first such survey indicated that our customers are generally very satisfied with the service we are offering.

FINANCIAL AND OPERATING PERFORMANCE is our third key area. We will set performance standards for inventory in the warehouses and stores as part of our effort to focus attention on achieving improved financial and operating performance.

ORGANIZATIONAL ACCOUNTABILITY is the fourth key area. We have introduced a performance appraisal system which will make management more accountable for results.

Our communications activities have been expanded both internally and externally. LCBO staff now receive more information through the "Exchange" newsletter and we are responding to customer requests for more information by providing the "LCBO Today" customer newsletter in all stores. We are also launching a 1-800 information line province-wide so that the public can access information by telephone in both English and French.

The LCBO is undergoing tremendous change, creating an atmosphere of openness with more outside consultation. An example of this new external participation was the choosing of a new Grappa product for listing. We invited representatives from the Italian community to taste and choose the Grappa. We also had an outside panel of tasters choose our Beaujolais Nouveau product last year. This was the first time the Board invited outside tasters to choose a product to be sold in our stores.

Of course, it will take time to truly transform a large organization such as the LCBO into the customer-driven retailer we plan to become. We can look forward to offering Ontario consumers the finest products in the best possible surroundings.

We will continue to improve services

to meet the needs

of more sophisticated consumers.

Executive Vice President, Len Pitura



Executive

Vice

President

Len

Pitura

My number one priority since joining the LCBO recently has been to form a new effective management team. We recently concluded an intensive search in the private sector for a senior vice president operations who, reporting to me, will oversee the three operations divisions—Merchandising, Retail and Distribution. This position has the mandate to modernize and improve our activities in these very important areas.

Information Services, Finance and Administration, and Human Resources Divisions will report directly to me. One of our main goals is to move to a more decentralized organization and progress has already taken place in Human Resources with the placement of Regional Personnel Administrators in our regional offices throughout the province.

Another major thrust was to improve the financial position of the LCBO. Operating costs were increasing at a rate greater than total sales or net profit.

A more stringent budgeting process was implemented. The main theme is to ensure a solid business approach to budgeting with attention to our bottom line.

Our managers have been challenged to work more effectively with their staff in order to achieve certain goals; we have introduced a system of accountability so all managers have a clearer understanding of their goals and the objectives of the organization as a whole. We are in the process of introducing a performance appraisal system for all staff.

We also signed an agreement with a supplier to assist us in implementing Point of Sale (POS), one of the largest projects the Board has ever initiated. POS will computerize our inventory and sales system and help us obtain information faster to improve our business decision-making.

The number of new initiatives underway coupled with the changes in senior management present a major challenge to the LCBO. I look forward to helping build a cost-effective, customer-oriented organization.

*One of our main goals is to move
to a more decentralized organization...*

D i v i s i o n a l R e p o r t s

During the past year several initiatives were undertaken and others expanded both in the areas of improved customer service and increased efficiency.

R e t a i l D i v i s i o n

For example, 68 LCBO stores throughout the province extended hours of service on Saturday evenings. This program was well received and will be continued.

A new Distribution Centre servicing 1200 licencees was opened in Mississauga. The LCBO now operates distribution centres in Thunder Bay, Windsor, Hamilton and Ottawa.

As of March 31st, 1988 there were 623 LCBO stores in operation, an increase of six stores over last year.

V i n t a g e s t a s t i n g s i n r e g u l a r s t o r e s

The success of in-store tastings in Vintages stores in Ottawa, London, Mississauga and Toronto proved so successful the program was expanded to 11 LCBO stores with Vintages sections throughout Ontario. Customers enjoy the opportunity to "sample" products before purchasing so plans are underway to expand this service.

Educating staff on customer service and products continues to be a top priority. The Product Knowledge Program was expanded to include a correspondence course available to every Retail Division employee. Two employees in each of the 26 districts were selected as trainers and delivered various training programs to retail staff.

A new system of operating performance measurement was instituted during the past year to increase the effectiveness of the Retail Division.

The Provincial Auditor's Report raised the issue of inventory management and the lack of formal store staffing criteria in the Retail Division. During the year, improved monitoring systems resulted in an overall reduction of inventory. A project was initiated to develop formal staffing criteria and to address other issues raised by the Provincial Auditor.

Last year's major organizational review provided a renewed focus on customer service. The Retail Division was reorganized to provide better support to the field and ultimately to LCBO customers. The thrust of this decentralization was accelerated in order to increase the responsibility and accountability of store managers, district managers, and regional directors. This management group will have more involvement in local decision-making and have more autonomy to better meet the needs of their customers.



The success of in-store tastings in Vintages stores in Ottawa,

London, Mississauga and Toronto

proved so successful the program was expanded to 11 LCBO stores

with Vintages sections throughout Ontario.

The Distribution Division is responsible for administering all activities related to purchasing, shipping, warehouse, pricing, and quality control.

D i s t r i b u t i o n D i v i s i o n

All products are subject to rigid quality control. Testing involves scrutiny by LCBO Laboratory experts to ensure that all alcoholic products meet stringent standards established by Health and Welfare, Canada. If a product poses a potential safety hazard, the LCBO takes immediate action to remove it from store shelves and issues a news release. Recalled products are accepted at any LCBO store and a full refund is provided, even if the bottle is open.

Inventory management is a top priority of the Distribution Division. A computerized forecasting and ordering system was expanded and an inventory monitoring system developed in both the domestic and import purchasing areas. Operating procedures were enhanced to improve inventory performance and service levels.

The Board maintains four distribution warehouses to service the more than 620 stores in the Province. The warehouses are located in London, Ottawa, Thunder Bay, and Durham Region, the main storage warehouse.



**The LCBO
operates
distribution
warehouses**

*Testing involves scrutiny by the LCBO Laboratory experts
to ensure that all alcoholic products
meet stringent standards established
by Health and Welfare, Canada.*

As a result of last year's reorganization a Merchandising Division was formed in December, 1987.

M e r c h a n d i s i n g D i v i s i o n

This Division is currently being organized and staffed to fulfill the three main areas of responsibility within the Division.

P r o d u c t M a n a g e m e n t

The Product Management Department (formally Product Listings and Control) will be responsible for designing and managing the LCBO product assortment plan. This function will be supported by a team of category and product managers. The Department will carry out the mandate of the new LCBO Listing and Product Policy.

The Department also plans the LCBO merchandising approach and approves marketing proposals from the trade.

M a r k e t i n g S e r v i c e s

The Marketing Services Department is a service group comprised of three main areas: Marketing Research, Merchandising Program Management and Information Development.

Market Research will identify the LCBO's information (consumer and sales-related research) needs and will design research programs to analyze this information. The research will support the Program Development Department by providing analyses of population growth and important demographic information.

The Merchandising Program Management area will manage the LCBO's in-store merchandising and promotional programs, i.e., the IMAGE Program. This area will be responsible for developing and administering the new District Merchandisers Program.

P r o g r a m D e v e l o p m e n t

The Program Development Department will have the responsibility of designing, developing and monitoring new LCBO programs. Examples of programs to be developed in this area are the Agency Stores Program, Full-Service and Mini-Stores Programs.

In-Store

displays

are designed

by the

LCBO's

new

merchandising

division



Finance and Administration Division

Financial Information System



During the year, the Finance Division, with the assistance of independent consultants, undertook a major review of the LCBO's Financial Information System (FIS). It was recognized that the current systems were ineffective in supporting the new initiatives of the operations with timely, accurate and relevant financial information. Strategic initiatives such as the introduction of Point-Of-Sale (POS) will have a wide-ranging impact on how the LCBO operates its business. This has direct implications on FIS requirements from a financial, merchandising, and management information perspective.

The reorganized Phase I of the FIS project consisted of a review and assessment of existing financial information and merchandise control systems.

Finance and Under Phase II, the functional requirements were developed for an integrated FIS to meet the present and future needs of the LCBO.

Administration In the 1988 fiscal year, Phase III of the FIS project will involve the issuance of a comprehensive request for proposal to be followed by the selection of a suitable application software vendor. The FIS project will integrate the reporting, analysis and financial control requirements of the LCBO.

division

Consolidation of Banking Activities

To improve cash management, the Finance Division consolidated its banking activities with one banking institution effective December, 1987.

Divisional Reorganization

In January, 1988, changes to the LCBO's organizational structure resulted in a merging of administrative service's functions with financial functions to form a new division—Finance and Administration. The reorganized Finance and Administration division includes a Financial Policy and Planning group to analyze and anticipate the financial impact of strategic and business decisions.

Strategic initiatives such as the introduction of Point-Of-Sale (POS) will have a wide-ranging impact on how the LCBO operates its business.

The Systems Development Support Department of the Information Services Division (IS) has had a busy and productive year

Information Services Division

in serving the needs of its corporate divisional users. As the division responsible for designing and developing new computer information systems, as well as enhancing the LCBO's current computer applications, it has focused on several high yield applications. For example:

- A Laboratory Information System has been implemented to improve data management efficiency and accuracy in the operation of the increasingly busy lab sample testing operations.
- An on-line application in support of corporate Product Pricing, enabling modeling and 'what-if' analysis is near completion.



The Information

Also, major enhancements have been necessary to LCBO operational systems to cater to external influences, such as changing requirements for customers and the need to accommodate a new 'permanent/part-time' LCBO employee classification.

Services

Division

Data Centre

is running

a 24-hour

operation.

In support of the exciting Point-Of-Sale (POS) initiative, IS has established a head office team charged with ensuring that necessary adaptations will be made to the present corporate production systems. This work will continue into the upcoming fiscal year as an integral part of the overall POS project schedule, leading to successful store to head office implementation of this key corporate undertaking.

Systems Facilities: During 1987-88 the demand on the Central Computer Facilities continued to grow significantly as more systems, more users and more accessible corporate data, were added.

To accommodate this growth, a faster Central Processing Unit was installed and new technology disk storage units were added to increase our on-line capacity by almost 75 per cent.

During the same period, an extra shift was added to the Data Centre to begin a 24-hour operation.

In support of the exciting Point-Of-Sale (POS) initiative,

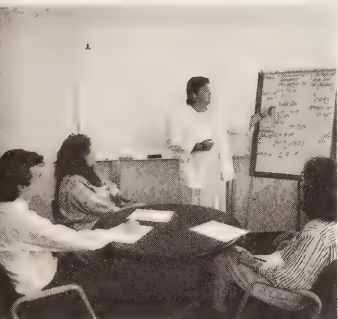
IS has established a head-office team

charged with ensuring that necessary adaptations will be made

to the present corporate production systems.

The Human Resource function has been realigned to directly focus its role to help managers take ownership and responsibility

H u m a n R e s o u r c e s D i v i s i o n



A Human

Resources

Training

Session

for effective Human Resource management.

Human Resource services and programs support the decisions and actions of managers at all levels to achieve their strategic plans and operational goals. The overall LCBO strategy of customer service applies directly to the Human Resources Division. As Retail serves the LCBO customer as a client, the Human Resources Division provides services to management/and staff in order to assist them in achieving corporate goals and objectives.

The new alignment of the Human Resources Division includes:

S t a f f R e l a t i o n s

This function is designed to facilitate positive communication and co-operation between management and the Union in the achievement of improved management-union relations.

E m p l o y e e D e v e l o p m e n t

This department includes Training and Development, Human Resources Planning, Recruitment, Classification, and Human Resource Information Systems functions. With the consolidation of these related functions into one Employee Development department the thrust is toward providing more timely and effective service to management.

R e g i o n a l S e r v i c e s

Regional Human Resources Services are currently in the process of implementation. Their focus is to provide the highest calibre of service in the field. Regional Human Resources Administrators are located in all regions and are supported by functional specialists at head office.

S u p p o r t S e r v i c e s

This department includes Salary Administration, Benefits and Compensation, Employee Records, Health Centre, Workers' Compensation and Safety. These services have been grouped together to provide more responsive service to the organization.

The LCBO's corporate goal is to be the best, most efficient and professional retailer of its type in the world. The Human Resources Division plays a vital and critical role by providing the services and programs that management and employees at all levels require to help them accomplish this goal.

S a l e s b y B r e w e r i e s

TO OTHER PROVINCES AND COUNTRIES

	1988	1987	1986	1985	1984
(in litres)	(000)	(000)	(000)	(000)	(000)
Sales to Other Provinces	2,812	3,031	17,619	11,326	1,367
Export Sales	123,363	119,175	140,811	116,875	114,554
	126,175	122,206	158,430	128,201	115,921

Five new breweries opened during the year as follows:

<i>June 12, 1987</i>	Connors Don Valley Brewery Company Ltd., North York
<i>August 14, 1987</i>	Creemore Springs Brewery Limited, Creemore
<i>September 24, 1987</i>	G.A. Miller Brewing Corp. (C.O.B. Connors Brewery), Thunder Bay
<i>November 20, 1987</i>	Simcoe Brewery Company Limited, Newmarket
<i>March 7, 1988</i>	Great Lakes Brewery Co. Inc., Brampton

At fiscal year-end, there were 27 brewery plants licensed to sell beer in Ontario. During the year seven permanent and two temporary Brewers stores were opened and one store closed. At March 31, 1988, 462 stores were in operation.

W i n e r i e s a n d W i n e r y R e t a i l S t o r e s

The number of wineries in Ontario at March 31, 1988 was 20.

Two new wineries were granted an Ontario Wine Licence as follows:

<i>July 23, 1987</i>	Konzelmann Vineyards Inc., Niagara-on-the-Lake
<i>July 30, 1987</i>	Cave Spring Cellars, Jordan Village.

There was a net increase of five winery retail stores during the year as a total of 212 wine stores (150 conventional and 62 mini stores) were in operation throughout the province at March 31, 1988.

S a l e s b y W i n e r i e s

TO OTHER PROVINCES AND COUNTRIES

	1988	1987	1986	1985	1984
(in litres)	(000)	(000)	(000)	(000)	(000)
Sales to Other Provinces	6,341	4,650	5,376	5,886	6,558
Export Sales	141	127	173	262	154
	6,482	4,777	5,549	6,148	6,712

The tonnage of Ontario grapes and apples used by the various Ontario wineries over the past five years is as follows:

	1988	1987	1986	1985	1984
Grapes used in the manufacture of wine	33,242	30,970	33,850	29,546	49,748
Grapes used in the manufacture of concentrate	4,910	4,140	5,315	3,724	4,257
Apples used in the manufacture of cider	632	832	840	464	417
	38,784	35,942	40,005	33,734	54,422

The following quantities of wine (in gallons) were imported for blending in accordance with the conditions of the Wine Content Act, 1976:

	1988	1987	1986	1985	1984
	859,871	561,432	855,961	932,518	914,360

A g e n c y s t o r e s

At March 31, 1988 there were 70 agency stores in operation

LCBO PRODUCT LISTINGS

	March 31, 1988	March 31, 1987
DOMESTIC		
Canadian Whisky	163	176
Canadian Blended Rums	120	122
Canadian Gin	54	63
Canadian Vodka	73	79
Canadian Brandy	6	6
Canadian Blended Brandy	17	22
Canadian Spirit Coolers	17	5
Alcohol	6	6
Fruit Spirits	6	6
Miscellaneous Liquors	15	16
Canadian Liqueurs	135	136
Ontario Wines	602	648
Ontario Wine Coolers	55	46
Other Canadian Wines	1	4
Canadian Ciders	15	14
Canadian Beers	250	310
Miniatures	44	59
Bitters	2	—
	1,581	1,718

LCBO PRODUCT LISTINGS

	March 31, 1988	March 31, 1987
IMPORTED		
Whisky—Scotch	89	94
—Irish	5	4
—Bourbon	2	3
—Tennessee	4	4
—Kentucky	1	1
—American	—	1
Gin	13	14
Rum	14	15
Vodka	16	10
Tequila	7	6
Brandy	71	61
Fruit Spirits	3	6
Miscellaneous Liquors	24	30
Liqueurs	63	76
Wines	815	838
Cider	1	1
Beer & Sake	45	38
Miniatures	52	68
Bitters	8	—
	1,233	1,270
Total Regular Listings	2,814	2,988
Vintage Wines and Spirits	730	480
Duty-free Listings	87	83
Total Product Listings	3,631	3,551

F i n a n c i a l R e s u l t s

Financial Overview

	1988	1987	1986
	(\$000)	(\$000)	(\$000)
Sales	1,860,129	1,767,341	1,646,814
% increase/previous year	5.3	7.3	2.9
	(\$000)	(\$000)	(\$000)
Operating expenses	245,662	222,026	197,057
% of expenses/sales	13.2	12.5	11.9
	(\$000)	(\$000)	(\$000)
Net income	641,027	637,194	612,573
% of income/sales	34.5	36.1	37.2
Self-serve stores in operation	585	558	529
Total stores in operation	623	617	609
Number of permanent employees	3,460	3,348	3,308
Number of regular products listed	2,814	2,988	2,800

Analysis of Income and Expenditures 1988

	(\$000)	% of Total
INCOME		
Sales	1,860,129	90.7
Sales Tax	182,863	8.9
Fees & Other	7,555	0.4
Total	2,050,547	100.0
EXPENDITURES		
Receiver General, Government of Canada	396,338	19.3
Supplies	540,724	26.3
Municipalities	4,386	0.2
Fixed Assets	9,968	0.5
Freight	43,933	2.2
Administrative Costs*	231,308	11.3
Retail Sales Tax	182,863	8.9
Net Profit	641,027	31.3
Total	2,050,547	100.0

*Total remuneration paid to LCBO Board Members in 1988 was \$155,100.

R e t a i l P r i c e B r e a k d o w n

Examples as at March 31, 1988

	Domestic Spirit 750-mL Bottle (26.4 oz.)	Imported Spirit 750-mL Bottle (26.4 oz.)
SPIRITS		
Provincial Sales Tax	\$ 1.74	\$ 2.01
LCBO Markup and Levy	7.60	9.27
Federal Sales Tax	1.05	1.11
Federal Excise Duty	3.22	3.24
Supplier Price to LCBO	2.59	3.12
Total	\$16.20	\$18.75

SUMMARY	To Supplier	\$ 2.59	\$ 3.12
	Federal Government	4.27	4.35
	Provincial Government	9.34	11.28
	Total	\$16.20	\$18.75

	Ontario Table Wine 1-L Bottle (35.2 oz.)	Imported Table Wine 1-L Bottle (35.2 oz.)
WINES		
Provincial Sales Tax	\$.62	\$.79
LCBO Markup, Levy & Flat Tax	1.67	3.61
Federal Sales Tax	.53	.41
Federal Excise Duty	.44	.49
Supplier Price to LCBO	2.49	2.05
Total	\$ 5.75	\$ 7.35

SUMMARY	To Supplier	\$ 2.49	\$ 2.05
	Federal Government	.97	.90
	Provincial Government	2.29	4.40
	Total	\$ 5.75	\$ 7.35

Total sales of spirits, wine and beer by board stores during the fiscal year ended March 31, 1988, were \$1,860,129,383.

S a l e s

Of this total \$296,809,222 or 16.0% consisted of sales to licensed establishments. Sales of Ontario wine made directly to customers by licensed retail wine stores and wineries in Ontario amounted to \$48,151,322. The net value of beer sold in Ontario by breweries and brewers' retail outlets exclusive of the cost of containers totalled \$1,542,844,275.

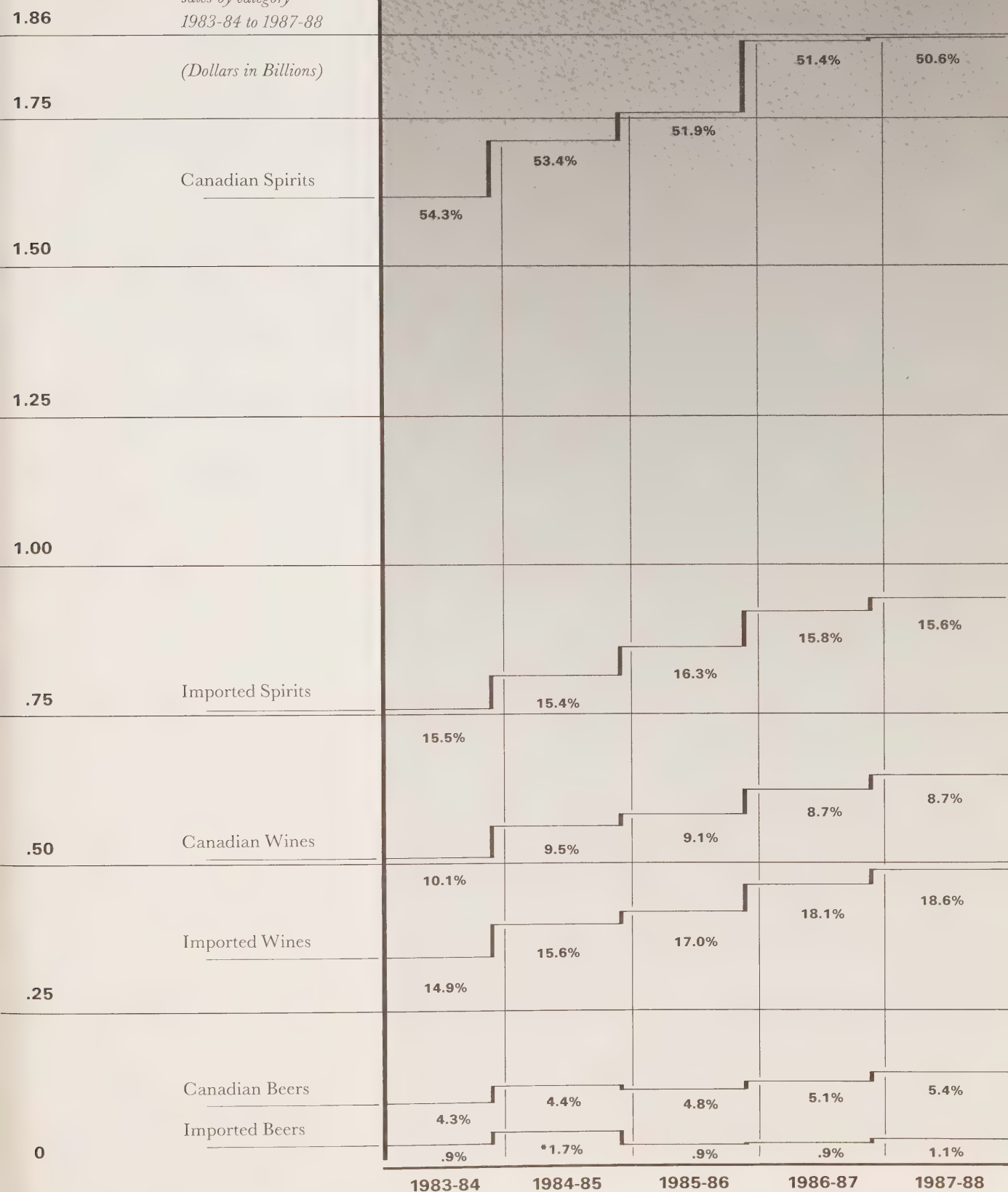
The following tables show increases in sales for the fiscal year under review as compared with the previous year's totals:

	Fiscal Year Ended March 31, 1988	Fiscal Year Ended March 31, 1987	Increase
	(\$000)	(\$000)	(\$000)
Sales by Board Stores			
Canadian Spirits	940,915	909,283	31,632
Imported Spirits	289,846	279,048	10,798
*Canadian Wines	162,629	154,293	8,336
Imported Wines	345,303	319,430	25,873
Canadian Beers	100,574	89,467	11,107
Imported Beers	20,862	15,820	5,042
Total Sales by Board Stores	1,860,129	1,767,341	92,788
Sales by Ontario Wineries and Winery Stores	48,151	44,464	3,687
Sales by Breweries and Brewers' Retail Stores (exclusive of container value)	1,542,844	1,406,893	135,951

*Includes Ontario wine sales of \$161,552 during fiscal year ended March 31, 1988, compared with \$150,289 during previous year.

SALES BY VALUE

Percentage of total
sales by category
1983-84 to 1987-88



*The increase in imported beer sales is attributable to the labour dispute which closed the major breweries in Ontario for most of March 1985.

SALES BY LITRES

	Fiscal Year Ended March 31, 1988	Fiscal Year Ended March 31, 1987	Increase
	(000)	(000)	(000)
Sales by Board Stores			
Canadian Spirits	54,470	50,867	3,603
Imported Spirits	12,690	12,677	13
*Canadian Wines	34,054	31,457	2,597
Imported Wines	45,197	44,775	422
Canadian Beers	43,049	40,301	2,748
Imported Beers	9,711	5,940	3,771
Total Sales by Board Stores	199,171	186,017	13,154
Sales by Ontario Wineries and Winery Stores	10,595	9,493	1,102
Sales by Breweries and Brewers' Retail Stores	788,805	759,379	29,426

**Includes Ontario wine sales of 33,847 thousand litres during fiscal year ended March 31, 1988 compared with 30,723 thousand litres during previous fiscal year.*

SALES BY LITRES

199

*Percentage of total
sales by category
1983-84 to 1987-88
(Litres in Millions)*

175

Canadian Spirits

150

125

Imported Spirits

100

Canadian Wines

75

Imported Wines

50

Canadian Beers

25

Imported Beers

0

1983-84

1984-85

1985-86

1986-87

1987-88

27.3%

27.6%

26.7%

27.3%

29.9%

6.4%

6.7%

6.9%

6.8%

7.0%

17.4%

16.7%

16.9%

17.1%

18.6%

22.2%

24.2%

24.1%

22.7%

21.3%

19.4%

21.0%

21.7%

21.6%

19.9%

*6.7%

4.3%

3.2%

4.9%

3.3%

*The increase in imported beer sales is attributable to the labour dispute which closed the major breweries in Ontario for most of March 1985.

Levies on beverage alcohol sold in the province during the year contributed an amount in excess of \$1.3 billion to the Treasurer of Ontario,

R e v e n u e P a y m e n t s

and revenue paid to the Government of Canada exceeded \$712 million. These amounts do not include corporation, realty and business taxes paid by the distilleries, wineries, breweries and licence holders. Ontario retail sales tax collected by licence holders and agency stores on sales of beverage alcohol is also excluded from these figures.

A summary of these revenue payments is as follows:

TREASURER OF ONTARIO	Remitted by the Liquor Control Board		
	—on account of profits	\$635,000,000	
	—Ontario retail sales tax on sales through liquor stores	182,862,867	
		<u>\$817,862,867</u>	
	Remitted by the Liquor Licence Board		
	—on account of licence fees and permits	'350,877,690	
	Remitted by Others		
	—Ontario retail sales tax on sales through brewers' retail stores and retail wine stores	141,248,287	\$1,309,988,844
RECEIVER GENERAL FOR CANADA	Remitted by the Liquor Control Board		
	—customs and excise duties	283,448,586	
	—federal sales tax on spirits, wines and imported beers	112,888,892	
		<u>396,337,478</u>	
	Remitted by Others		
	—malt duties and taxes on domestic beers and wines	316,033,697	712,371,175
ONTARIO MUNICIPALITIES	Remitted by the Liquor Control Board		
	—grants in lieu of realty and business taxes		4,386,273
			<u>\$2,026,746,292</u>

F i n a n c i a l S t a t e m e n t s

LIQUOR CONTROL BOARD OF ONTARIO

B a l a n c e S h e e t

as at March 31, 1988

ASSETS	1988	1987
	(\$000)	(\$000)
Current		
Accounts receivable, trade and others	9,392	2,400
Inventories, at cost	181,835	191,421
Prepaid expenses	1,677	1,394
	192,904	195,215
LIABILITIES AND RETAINED INCOME		
Current		
Bank overdraft	45,270	27,867
Accounts payable and accrued liabilities	84,790	110,531
Retained income	62,844	56,817
	192,904	195,215

*See accompanying notes to financial statements.***Approved:**J.W. Ackroyd
ChairmanJohn Noble
Controller

LIQUOR CONTROL BOARD OF ONTARIO

S t a t e m e n t o f I n c o m e

year ended March 31, 1988

	1988	1987
	(\$000)	(\$000)
Sales	1,860,129	1,767,341
Cost of sales	980,995	916,076
Gross income	879,134	851,265
Operating expenses		
Salaries and employee benefits	172,054	156,581
Rent	20,500	17,609
Fixed assets	9,968	11,572
Repairs and maintenance	5,092	4,177
Utilities	4,970	4,612
Store supplies and expenses	4,772	5,497
Grants in lieu of taxes	4,386	4,313
Office supplies and expenses	3,796	3,174
Overdraft interest	3,542	1,776
Professional fees	2,749	1,053
Stock breakage and losses	2,647	2,297
Communication and travelling	2,579	2,253
Bank charges	1,702	1,479
Armoured car services	1,462	1,360
Agency commissions and expenses	1,147	1,103
Insurance (note 2)	933	1,132
Other	3,363	2,038
	245,662	222,026
Operating income	633,472	629,239
Other income		
Special occasion permit purchase fees	5,047	5,309
Miscellaneous income	1,775	1,915
Interest income	733	731
	7,555	7,955
Net income for the year	641,027	637,194

See accompanying notes to financial statements.

LIQUOR CONTROL BOARD OF ONTARIO

*S t a t e m e n t o f R e t a i n e d I n c o m e**year ended March 31, 1988*

	1988	1987
	(\$000)	(\$000)
Balance, beginning of year	56,817	64,623
Add net income for the year	641,027	637,194
	697,844	701,817
Deduct payments to the Treasurer of Ontario on account of net income	635,000	645,000
Balance, end of year	62,844	56,817

*See accompanying notes to financial statements.**N o t e s t o F i n a n c i a l S t a t e m e n t s**March 31, 1988***1** SIGNIFICANT ACCOUNTING POLICY

The Board's financial statements are prepared in accordance with generally accepted accounting principles except for fixed assets which are written off to operations at the time of acquisition.

2 INSURANCE

The Board follows the policy of self-insuring its store assets for property damage such as fire, water, vandalism or theft. All other material assets are insured by insurance companies.

3 LEASE COMMITMENTS

The Board is committed under operating leases on leased premises with future minimum rental payments due as follows:

	(\$000)
1989	16,817
1990	14,953
1991	13,315
1992	11,066
1993	8,036
Thereafter	18,545
	82,732

4 PENSION PLAN

The Board provides pension benefits for substantially all its permanent employees through participation in the Public Service Superannuation Fund and the Superannuation Adjustment Fund established by the Province of Ontario. The Board's share of contributions to these funds during the year was \$7,604,963 (1987-\$6,083,783). This amount represents the total obligation of the Board and is included in salaries and employee benefits in the Statement of Income.

A u d i t o r s ' R e p o r t

TO THE LIQUOR CONTROL BOARD OF ONTARIO AND TO THE
MINISTER OF CONSUMER AND COMMERCIAL RELATIONS.

I have examined the balance sheet of the Liquor Control Board of Ontario as at March 31, 1988 and the statements of income and retained income for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Board as at March 31, 1988, and the results of its operations for the year then ended in accordance with the accounting policy described in note 1 to the financial statements applied on a basis consistent with that of the preceding year.

Toronto, Ontario
July 29, 1988

D.F. Archer, F.C.A.
Provincial Auditor

R a p p o r t d u v é r i f i c a t e u r

À LA RÉGIE DES ALCOOLS DE L'ONTARIO ET AU MINISTRE DE LA
CONSOMMATION ET DU COMMERCE.

J'ai vérifié le bilan de la Régie des alcools de l'Ontario au 31 mars 1988 ainsi que l'état des recettes et des dépenses et l'état des recettes non réparties pour l'exercice terminé à cette date. Ma vérification a été effectuée conformément aux normes de vérification généralement reconnues et a comporté par conséquent les sondages et autres procédés que j'ai jugé nécessaires dans les circonstances.

À mon avis, ces états financiers présentent fidèlement la situation financière de la Régie au 31 mars 1988 et les résultats de ses exploitations pour l'exercice terminé à cette date conformément à la convention comptable décrite à la note 1 afférente aux états financiers, appliquée de la même manière qu'au cours de l'exercice précédent.

Toronto (Ontario)
Le 29 juillet 1988

D. F. Archer, F.C.A.
Vérificateur provincial

RÉGIE DES ALCOOLS DE L'ONTARIO

État des recettes non répertoriées

de l'exercice clos le 31 mars 1988

1987	(000 \$)
56 817	1988
64 623	56 817
637 194	641 027
701 817	697 844
645 000	635 000
Moins les versements au Trésorier de l'Ontario en acompte sur les recettes nettes	
56 817	62 844
Solde à la clôture de l'exercice	

Voir les notes afférentes aux états financiers.

N o t e s

AUX ÉTATS FINANCIERS

Le 31 mars 1988

1 PRINCIPALE CONVENTION COMPTABLE

Les états financiers de la Régie sont préparés selon les conventions comptables généralement reconnues, sauf en ce qui concerne les immobilisations qui sont radicales des dépenses d'exploitation dès leur acquisition.

2 ASSURANCES

La Régie a comme politique d'auto-assurer ses magasins à la propriété qui peuvent être causés par les incendies, l'eau, le vandalisme ou le vol. Tous les autres biens sont assurés auprès de compagnies d'assurance.

3 ENGAGEMENTS DE LOCATION

La Régie s'est engagée par contrat de location-exploitation à louer des locaux dont les versements minimaux de loyer sont établis de la façon suivante :

1989	16 817
1990	14 953
1991	13 315
1992	11 066
1993	8 036
Par la suite	18 545
82 732	

4 RÉGIME DE RETRAITE

La Régie assure des prestations de retraite à presque tous ses salariés permanents par sa participation à la Caisse de retraite des fonctionnaires et au Fonds d'indexation des pensions de retraite mis sur pied par la province de l'Ontario. Les cotisations de la Régie à ces caisses au cours de l'exercice se sont élevées à 7 604 963 \$ (6 083 783 \$ en 1987). Cette somme représente l'engagement total de la Régie et est comprise dans le poste "Salaires et avantages sociaux" de l'état des recettes et des dépenses.

RÉGIE DES ALCOOLS DE L'ONTARIO

État des recettes et des dépenses

de l'exercice clos le 31 mars 1988

1987	1988
(000 \$)	(000 \$)
Ventes	1 860 129
Coût des ventes de produits	980 995
Recettes brutes	879 134
Dépenses d'exploitation	1 720 054
Salaires et avantages sociaux	156 581
Loyer	17 609
Immobilisations	9 968
Réparations et entretien	5 092
Services publics	4 970
Fournitures et frais des magasins	4 772
Subventions tenant lieu de taxes	4 386
Fourniture et frais de bureau	3 796
Intérêt sur découvert bancaire	3 542
Honoraires professionnels	2 749
Bris et pertes de produits	2 647
Communications et déplacements	2 579
Frais bancaires	1 702
Services de véhicules blindés	1 462
Commissions et frais d'agence	1 147
Assurances (note 2)	933
Autres	2 038
Recettes d'exploitation	245 662
Autres recettes	633 472
Recettes nettes de l'exercice	641 027
637 194	7 955
731	733
1 915	1 775
5 309	5 047
	Droits sur les permis de circonstance
	Recettes diverses
	Intérêts créditeurs

Voir les notes afférentes aux états financiers

États financiers

Bilans

Au 31 mars 1988

RÉGIE DES ALCOOLS DE L'ONTARIO

ACTIF	1988	1987
-------	------	------

	(000 \$)	(000 \$)
Actif à court terme	9 392	2 400
Comptes clients, clientèle commerciale, autres	181 835	191 421
Stocks, au prix coûtant	1 677	1 394
Frais payés d'avance	192 904	195 215

PASSIF ET RECETTES
NON RÉPARTIES

Passif à court terme	45 270	27 867
Découvert bancaire	84 790	110 531
Comptes fournisseurs et frais courus	62 844	56 817
Recettes non réparties	192 904	195 215

Voir les notes afférentes aux états financiers.

Approuvé par :

J. W. Ackroyd
Président
John Noble
Contrôleur

Les droits prélevés sur les boissons alcoolisées vendues en Ontario au cours de l'exercice représentaient un montant d'un peu plus de 1,3 milliard de dollars

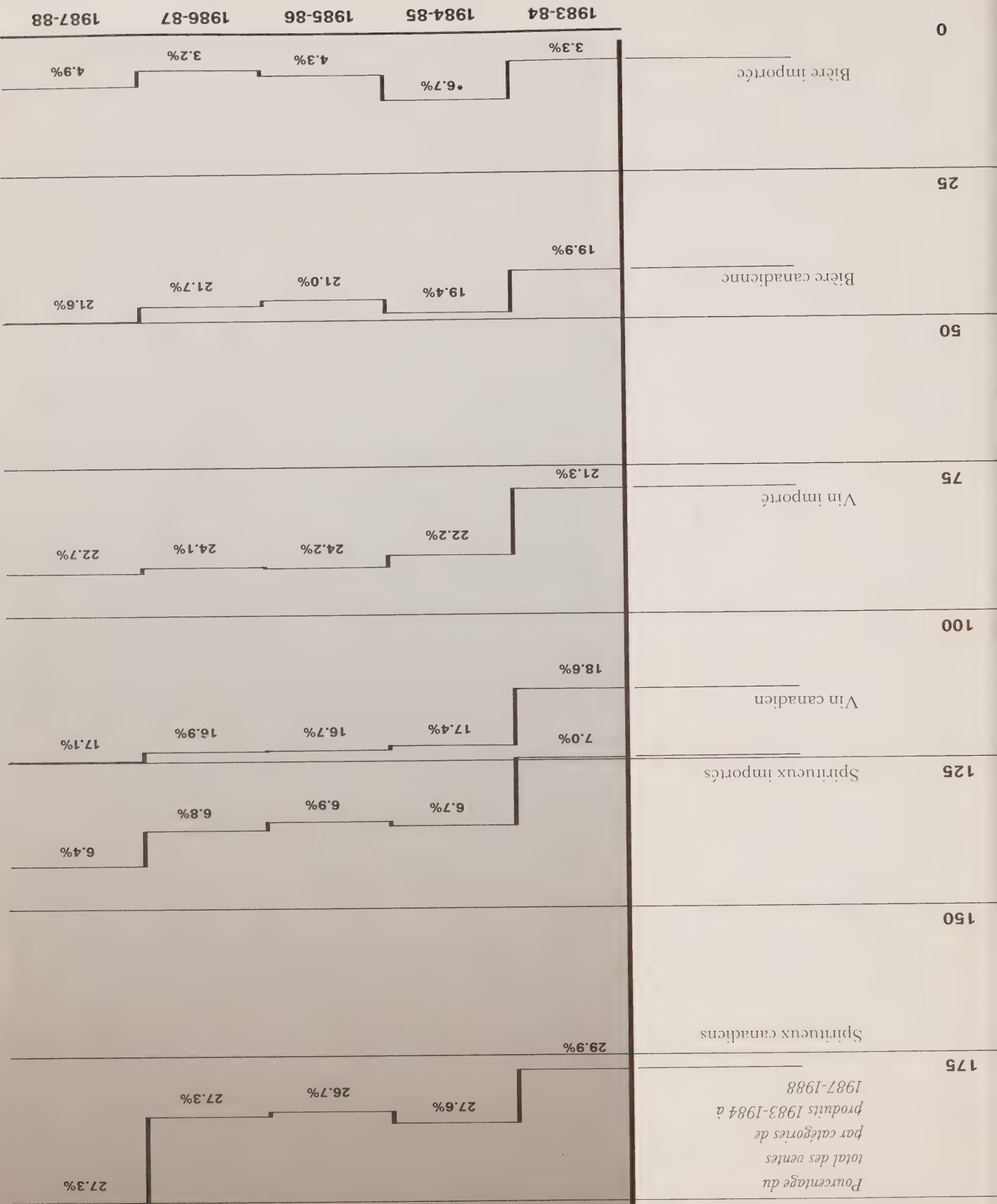
V e r s e m e n t d e s r e c e t t e s

qui a été versé au trésorier de l'Ontario tandis que la fraction des recettes versées au gouvernement du Canada s'est élevée à un peu plus de 712 millions de dollars. Ces montants ne comprennent pas l'impôt sur les corporations, l'impôt foncier et la taxe d'affaires payés par les distillateurs, les fabricants de vin, les brasseries et les titulaires de permis. Le montant de la taxe de vente au détail de l'Ontario applicable à la vente des boissons alcoolisées et recueilli par les titulaires de permis et les magasins-agences n'est pas compris dans les chiffres présentés ci-dessous.

Le sommaire du versement des recettes est le suivant :

TRÉSORIER DE L'ONTARIO		Versé par la Régie des alcools de l'Ontario	
	— en acompte sur les bénéfices	635 000 000 \$	
	— taxe de vente au détail de l'Ontario	182 862 867 \$	
	provenant des magasins de la RAO		817 862 867 \$
Versé par la Commission des permis de vente d'alcool de l'Ontario			
	— en acompte sur les droits et permis	350 877 690 \$	
	payés par les titulaires		
Versé par d'autres			
	— taxe de vente au détail de l'Ontario provenant	141 248 287 \$	
	des magasins Brewers' Retail et des magasins		
	de vin		1 309 988 844 \$
RECEVEUR GÉNÉRAL DU CANADA		Versé par la Régie des alcools de l'Ontario	
	— droits de douane et taxe d'accise	283 448 586 \$	
	— taxe de vente fédérale sur les spiritueux,		
	le vin et la bière importée	112 888 892	396 337 478
Versé par d'autres			
	— droit sur le malt et taxes sur la		
	bière et le vin canadiens	316 033 697 \$	712 371 175 \$
MUNICIPALITÉS DE L'ONTARIO		Versé par la Régie des alcools de l'Ontario	
	— subventions tenant lieu d'impôt foncier et		
	de taxe d'affaires		4 386 273 \$
		2 026 746 292 \$	

VENTES EN LITRES



* L'accroissement des ventes de bière importée est attribuable au conflit de travail qui a paralysé les plus importants fabricants de bière en Ontario pendant le mois de mars 1985.

VENTES EN LITRES

	Exercice clos le 31 mars 1988	Exercice clos le 31 mars 1987	Augmentation
	(000)	(000)	(000)
Ventes des magasins de la RAO	54 470	50 867	3 603
Spiritueux canadiens			
Spiritueux importés	12 690	12 677	13
Vin canadien *	34 054	31 457	2 597
Vin importé	45 197	44 775	422
Bière canadienne	43 049	40 301	2 748
Bière importée	9 711	5 940	3 771
Ventes totales des magasins de la RAO	199 171	186 017	13 154
Ventes des fabricants et des magasins de vin de l'Ontario	10 595	9 493	1 102
Ventes des fabricants de bière et des magasins Brewers' Retail	788 805	759 379	29 426

* Comprend le total des ventes de vin ontarien qui s'est élevé à 33 847 milliers de litres pour l'exercice se terminant le 31 mars 1988, comparativement à 30 723 milliers de litres pour l'exercice précédent.

MONTANT DES VENTES		Pourcentage du total des ventes par catégories de produits 1983-1984 à 1987-1988			
	1986	1985	1984	1983	1982
Spiritueux canadiens	1.50	51.9%	53.4%	54.3%	
Spiritueux importés	1.75	50.6%			
Vin canadien	1.25				
Vin importé	1.00				
Bière canadienne	0.25				
Bière importée	0				

*L'accroissement des ventes de bière importée est attribuable au conflit de travail qui a paralysé les plus importants fabricants de bière en Ontario pendant le mois de mars 1985.

Ventes

Pendant l'exercice qui s'est terminé le 31 mars 1988, le montant total des ventes de spiritueux, de vin et de bière s'est élevé à 1 860 129 383 \$.

De ce montant, 296 809 222 \$ ou 16 % représentent le montant des ventes aux établissements autorisés. Le montant des ventes de vin ontarien vendu directement aux clients par les magasins de vin autorisés et par les fabricants de vin s'est élevé à 48 151 322 \$. Le montant net des ventes de bière en Ontario réalisées par les fabricants et par les magasins Brewers' Retail, déduction faite du coût des contenants, s'est élevé à 1 542 844 275 \$.

Le tableau ci-dessous indique l'augmentation (diminution) des ventes pendant le dernier exercice comparativement au précédent.

	Exercice clos le 31 mars 1988	Exercice clos le 31 mars 1987	Augmentation
	(000 \$)	(000 \$)	(000 \$)

MONTANT DES VENTES			
Ventes des magasins de la RAO			
Spiritueux canadiens	940 915	909 283	31 632
Spiritueux importés	289 846	279 048	10 798
Vin canadien*	162 629	154 293	8 336
Vin importé	345 303	319 430	25 873
Bière canadienne	100 574	89 467	11 107
Bière importée	20 862	15 820	5 042
Total des ventes des magasins de la RAO			
	1 860 129	1 767 341	92 788

Ventes des fabricants et des magasins de vin de l'Ontario			
Ventes des fabricants de bière et des magasins Brewers' Retail			
(déduction faite du coût des contenants)	48 151	44 464	3 687
	1 542 844	1 406 893	135 951

*Comprend le montant des ventes de vin ontarien qui s'est élevé à 161 552 \$ pour l'exercice se terminant le 31 mars 1988, comparativement à 150 289 \$ pour l'exercice précédent.

Répartition des recettes de la vente au détail

Exemples au 31 mars 1988

SPIRITUEUX	
Spiritueux canadiens	Bouteille de 750 mL (26,4 oz.)
Spiritueux importés	Bouteille de 750 mL (26,4 oz.)
Total	16,20 \$
Taxe de vente provinciale	1,74 \$
Marge et droits de la RAO	7,60
Taxe de vente fédérale	1,05
Taxe d'accise fédérale	3,22
Prix de vente des fournisseurs à la RAO	2,59
Total	18,75 \$

SOMMAIRE	
Au fournisseur	2,59 \$
Au gouvernement fédéral	4,27
Au gouvernement provincial	9,34
Total	16,20 \$
Total	18,75 \$

VINS	
Vin de table de l'Ontario	Bouteille de 1 L (35,2 oz.)
Vin de table importé	Bouteille de 1 L (35,2 oz.)
Total	5,75 \$
Taxe de vente provinciale	0,62 \$
Marge et droits de la RAO et taxe forfaitaire	1,67
Taxe de vente fédérale	0,53
Taxe d'accise fédérale	0,44
Prix de vente des fournisseurs à la RAO	2,49
Total	5,75 \$

SOMMAIRE	
Au fournisseur	2,49 \$
Au gouvernement fédéral	0,97
Au gouvernement provincial	2,29
Total	5,75 \$
Total	7,35 \$

Situation financière

1986	1988	1987	
	(000\$)	(000\$)	(000\$)
Ventes			
	1 860 129	1 767 341	1 646 814
% d'augmentation par rapport à l'exercice précédent			
	5,3	7,3	2,9
(000\$)			
Dépenses d'exploitation			
	245 662	222 026	197 057
% des dépenses par rapport aux ventes			
	13,2	12,5	11,9
(000\$)			
Recettes nettes			
	641 027	637 194	612 573
% des recettes par rapport aux ventes			
	34,5	36,1	37,2
Nombre de magasins libre-service			
	585	558	529
Nombre total de magasins			
	623	617	609
Nombre d'employés permanents			
	3 460	3 348	3 308
Nombre de produits offerts régulièrement			
	2 814	2 988	2 800

Analyse des recettes et des dépenses 1988

RECETTES			
Ventes	1 860 129	182 863	8,9
Taxe de vente		182 863	8,9
Droits et autres	7 555		0,4
Total			
	2 050 547		100,0
DÉPENSES			
Receveur général du gouvernement du Canada	396 338	540 724	26,3
Fournitures		4 386	0,2
Immobilisations	9 968		0,5
Transport	43 933		2,2
Frais d'administration*	231 308		11,3
Taxe de vente au détail	182 863		8,9
Bénéfices net	641 027		31,3
Total			
	2 050 547		100,0

*La rémunération totale versée aux membres du conseil d'administration de la Régie en 1988 s'est élevée à 155 100 \$.

R a b o r t s f i n a n c i e r s

PRODUITS CANADIENS

OFFERTS PAR LA RAO		Au 31 mars 1988		Au 31 mars 1987	
Whisky canadien	163	176			
Rhum canadien mélangé	120	122			
Gin canadien	54	63			
Vodka canadienne	73	79			
Brandy canadien	6	6			
Brandy canadien mélangé	17	22			
Coolers aux spiritueux	17	5			
Alcool	6	6			
Eaux-de-vie aux fruits	6	6			
Boissons alcoolisées diverses	15	16			
Liqueurs canadiennes	135	136			
Vin de l'Ontario	602	648			
Coolers au vin de l'Ontario	55	46			
Autres vins canadiens	1	4			
Cidre canadien	15	14			
Bière canadienne	250	310			
Bouteilles miniatures	44	59			
Bitters	2	—			
1 581		1 718			

PRODUITS IMPORTÉS

OFFERTS PAR LA RAO		Au 31 mars 1988		Au 31 mars 1987	
Whisky—écossais	89	94			
—irlandais	5	4			
—Bourbon	2	3			
—Tennessee	4	4			
—Kentucky	1	1			
—américain	—	1			
Gin	13	14			
Rhum	14	15			
Vodka	16	10			
Tequila	7	6			
Brandy	71	61			
Eaux-de-vie aux fruits	3	6			
Boissons alcoolisées diverses	24	30			
Liqueurs	63	76			
Vin	815	838			
Cidre	1	1			
Bière et Saké	45	38			
Bouteilles miniatures	52	68			
Bitters	8	—			
1 233		1 270			
Nombre de produits offerts régulièrement		2 814		2 988	
Vins et spiritueux rares	730	480			
Produits hors taxes	87	83			
Nombre total de produits offerts		3 631		3 551	

Ventes des fabricants de vin

AUX AUTRES PROVINCES ET PAYS

	1988	1987	1986	1985	1984
Ventes aux autres provinces	6 341	4 650	5 376	5 886	6 558
Ventes à l'exportation	141	127	173	262	154
	(000)	(000)	(000)	(000)	(000)
	6 482	4 777	5 549	6 148	6 712

Le tonnage du raisin et des pommes de l'Ontario utilisés par les différents fabricants de vin ontariens au cours des cinq dernières années est le suivant :

	1988	1987	1986	1985	1984
Raisin utilisé pour fabriquer le vin	33 242	30 970	33 850	29 546	49 748
Raisin utilisé pour fabriquer le concentré	4 910	4 140	5 315	3 724	4 257
Pommes utilisées pour fabriquer le cidre	632	832	840	464	417
	38 784	35 942	40 005	33 734	54 422

Les quantités suivantes de vin (en gallons) ont été importées pour réaliser les mélanges conformément aux stipulations de la Loi de 1976 sur le contenu du vin.

	1988	1987	1986	1985	1984
	859 871	561 432	855 961	932 518	914 360

Magasins - agences

Au 31 mars 1988, la Régie exploitait 70 magasins-agences.

Ventes des fabricants de bière

AUX AUTRES PROVINCES ET PAYS

1984	1985	1986	1987	1988	1989	1990
(000)	(000)	(000)	(000)	(000)	(000)	(000)
1 367	11 326	17 619	3 031	2 812	123 363	126 175
114 554	116 875	140 811	119 175	122 206	158 430	128 201
115 921						

(de litres)

Cinq nouvelles brasseries ont ouvert leurs portes au cours de l'exercice, à savoir :

Le 12 juin 1987 Connors Don Valley Brewery Company Ltd., North York
Le 14 août 1987 Creemore Springs Brewery Limited, Creemore

Le 24 septembre 1987 G.A. Miller Brewing Corp.,
(C.O.B. Connors Brewery), Thunder Bay

Le 20 novembre 1987 Simcoe Brewery Company Limited, Newmarket
Le 7 mars 1988 Great Lakes Brewery Co. Inc., Brampton

À la fin de l'exercice, il y avait 27 fabricants de bière autorisés à vendre de la bière en Ontario.

Également au cours de l'exercice, sept magasins permanents et deux tempo-

raires Brewers ont ouvert leurs portes et un magasin a fermé. Au 31 mars 1988, on

comptait 462 magasins.

Fabricants de vin et magasins de vente de vin au détail

Le nombre de fabricants de vin en Ontario au 31 mars 1988 s'élevait à 20.

Deux nouveaux fabricants de vin ont obtenu un permis de vente de vin de l'Ontario. Il s'agit de :

Le 23 juillet 1987 Konzelmann Vineyards Inc., Niagara-on-the-Lake

Le 30 juillet 1987 Cave Spring Cellars, Jordan Village.

Au cours de l'exercice, le nombre de magasins de vente de vin au détail a augmenté de cinq, ce qui donnait un total de 212 magasins de vin (150 magasins ordinaires et 62 "mini-stores") dans toute la province au 31 mars 1988.

Division des ressources humaines

Le rôle de la Division des ressources humaines a été redéfini: il consistera principalement à aider les directeurs à assumer la responsabilité

de la gestion efficace des ressources humaines. Les services des ressources humaines et leurs programmes soutiennent les décisions et les mesures prises par les directeurs à tous les niveaux en vue de réaliser leurs plans stratégiques et d'atteindre les objectifs d'exploitation. La stratégie d'ensemble de la RAO concernant le service à la clientèle est directement liée à la Division des ressources humaines. Le magasin desserv le client de la RAO en tant que client; la Division des ressources humaines fournit ses services à la direction et au personnel pour les aider à réaliser les objectifs de la société.

Le nouveau mandat de la Division des ressources humaines comprend :



Relations avec le personnel

Cette fonction consiste à faciliter les communications positives et la collaboration entre la direction et le syndicat dans le but de créer pour tous un climat harmonieux.

Perfectionnement des employés

Ce service comprend la formation et le perfectionnement, la planification des ressources humaines, le recrutement, la classification et les systèmes informatiques de ces fonctions qui sont liées entre elles en un seul service de perfectionnement des employés vise à fournir à la direction un service plus opportun et plus efficace.

Services régionaux

Des services régionaux des ressources humaines sont actuellement mis en place. Leur but principal est de fournir dans les régions un service du plus haut calibre. Des administrateurs régionaux des ressources humaines sont affectés à toutes les régions et bénéficient du soutien des experts en organisation du siège social.

Services de soutien

Ces services englobent l'administration des salaires, des avantages sociaux et de la rémunération, les dossiers des employés, les activités du centre médical, la sécurité et les accidents du travail. Ces services ont été regroupés pour mieux répondre aux besoins de la Régie.

L'objectif de la RAO est d'être le détaillant le meilleur, le plus efficace et le plus professionnel du monde. La Division des ressources humaines joue un rôle vital en fournissant les services et les programmes dont la direction et les employés à tous les niveaux ont besoin pour atteindre cet objectif.

Division des services de renseignements

Le service des systèmes de soutien du développement de la Division des services de renseignements a eu une année bien remplie et productive

pour répondre aux besoins de ses utilisateurs des divisions de la société. Étant la division responsable de concevoir et de mettre au point les nouveaux systèmes de renseignements informatisés, et d'améliorer les applications informatisées existant déjà, elle a concentré ses efforts sur plusieurs logiciels d'application de haut rendement. Par exemple :

- Un système informatisé de laboratoire a été mis au point pour améliorer l'efficacité et l'exactitude du travail réalisé dans le laboratoire d'analyses de plus en plus occupé.
- Un système en direct servant de soutien au service d'établissement des prix des produits de la société, permettant la modélisation et l'analyse hypothétique, est pratiquement au point.

Il a également été nécessaire de procéder à des améliorations de grande envergure des systèmes d'exploitation de la RAO pour faire face aux influences de l'extérieur, comme les nouvelles exigences des clients et le besoin d'engager une nouvelle catégorie d'employés de la RAO "permanents, à temps partiel".

Pour apporter leur soutien à l'initiative très intéressante de système au point de vente, les services de renseignements ont créé une équipe au siège social dont la responsabilité est de veiller à ce que l'on adapte au besoin les systèmes actuels de production de la société. Ce travail se poursuivra au cours de l'exercice prochain, faisant partie intégrante du programme général de système au point de vente aboutissant à la réussite de la mise en application d'un système de liaison entre les magasins et le siège social, une des principales initiatives de la RAO.

Systèmes : au cours de l'année 1987-1988, l'ordinateur central a été beaucoup plus sollicité, les systèmes, les utilisateurs et les données de la société devenant de plus en plus nombreux.

Pour faire face à cette recrudescence de la demande, nous avons installé une unité de traitement central plus rapide et des nouvelles mémoires, augmentant de presque 75 % notre capacité de fournir des renseignements en direct.

Pendant la même période, nous avons doté le centre des données d'une nouvelle équipe pour qu'il commence à fonctionner jour et nuit.

de la
Division

des services

de renseigne-

ments

fonctionne

jour et

nuit

Pour apporter leur soutien à l'initiative très intéressante de système informatisé de point de vente,

les services de renseignements ont créé au siège social une équipe dont la responsabilité

est de veiller à ce que l'on adapte

au besoin les systèmes de production actuels de la société.

Division des finances et de l'administration

Système de renseignements financiers :

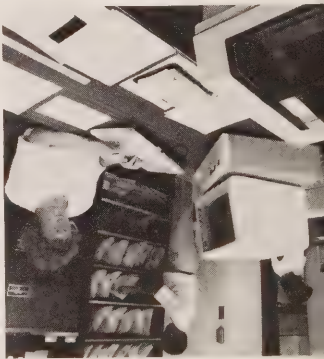
Au cours de l'exercice, la Division des finances, en collaboration avec des consultants indépendants, a entrepris un vaste examen du système informatisé de renseignements financiers de la RAO. On a reconnu que le système actuel n'était pas suffisamment efficace pour soutenir la nouvelle initiative de l'exploitation, grâce à des renseignements financiers d'actualité, exacts et appropriés. Des mesures stratégiques telles que l'introduction du système informatisé de point de vente auront un impact profond sur la façon dont la RAO exercera ses activités. Ceci a des implications directes sur les exigences du système de renseignements financiers sur le plan des finances, de la commercialisation et de la gestion.

Restructuration La phase I du projet a consisté à examiner et évaluer les systèmes actuels de renseignements financiers et de contrôle des stocks.

de la Division Dans le cadre de la phase II, on a défini les exigences sur le plan fonctionnel d'un système intégré de renseignements financiers capable de répondre aux besoins actuels et futurs de la RAO.

des finances Au cours de l'exercice 1988, la phase III du projet comprendra un appel d'offre qui sera suivi du choix du vendeur du logiciel d'application qui convient. Le système de renseignements financiers répondra aux exigences de la RAO en matière de

et de l'admini- stration rapports, d'analyses et de contrôle financier.



Régrouper les activités bancaires

Pour améliorer la gestion des liquidités, la Division des finances a regroupé ses opérations bancaires dans une seule institution, à compter de décembre 1987.

Revenir à la division

En janvier 1988, la restructuration de la RAO a conduit à la fusion des fonctions des services administratifs avec les fonctions financières au sein d'une nouvelle division : finances et administration. La nouvelle Division des finances et de l'administration comprend un groupe de politique et de planification financières chargé d'analyser et de prévoir les conséquences financières des décisions stratégiques et commerciales.

Des mesures stratégiques comme l'introduction du système informatisé

de point de vente auront un impact profond sur la façon

dont la RAO exercera ses activités.

La restructuration de l'année dernière a conduit à la création d'une

Division de la commercialisation en décembre 1987.

Division de la commercialisation

Cette division s'organise actuellement et se dote du personnel nécessaire pour s'acquitter de ses fonctions dans ses trois principaux domaines de responsabilité.

Gestion des produits

Le service de la gestion des produits (anciennement appelé service de la liste et du contrôle des produits) sera chargé de concevoir et de gérer le programme d'assortiment des produits de la RAO. Il sera aidé dans ses fonctions par l'équipe des directeurs des catégories et des produits. Le service s'acquittera des mandats définis par la nouvelle politique de produits et de la liste de la RAO.

Le service définit l'approche de la RAO en matière de commercialisation et approuve les propositions de marketing que lui font les distributeurs.

Services de marketing

Le marketing est confié à un groupe de services qui englobe trois domaines principaux : les études de marketing, la gestion du programme de commercialisation et la mise au point des renseignements.

Les études de marché identifieront les besoins de la RAO en matière de renseignements (recherche sur la clientèle et les ventes) et concevront des programmes de recherche destinés à analyser ces renseignements. La recherche apportera son soutien au service de mise au point des programmes en fournissant des études de l'accroissement de la population et d'importants renseignements d'ordre démographique.

Le service de gestion des programmes de commercialisation gèrera les programmes de commercialisation en magasin et les programmes promotionnels de la RAO, par exemple le programme IMAGE. Ce service sera responsable de créer et de mettre en application le nouveau programme des responsables de la commercialisation au niveau des districts.

Mise au point des programmes

Le service de mise au point des programmes sera chargé de concevoir, mettre au point et surveiller les nouveaux programmes de la RAO. Il s'agit, par exemple, de la mise au point de programmes comme le programme de magasins-agences, service complet et "mini-stores."

La nouvelle

Division

de la

commercialisation

de la RAO

crée les

étalages

en magasin



D i v i s i o n d e l a d i s t r i b u t i o n

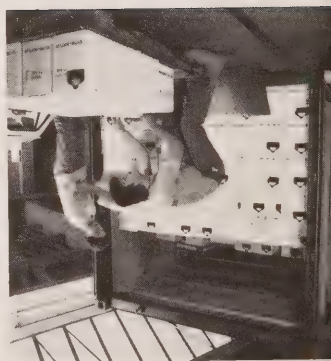
La Division de la distribution est chargée de l'administration de toutes les activités reliées à l'achat, à l'expédition, à l'entreposage, à l'établissement des prix et au contrôle de la qualité.

Tous les produits sont soumis à un contrôle de la qualité sévère. La vérification comprend des analyses effectuées par les chimistes de la RAO dans le but de veiller à ce que toutes les boissons alcoolisées respectent les normes rigoureuses établies par Santé et Bien-être Canada. Si on découvre qu'un produit peut représenter un danger, la RAO prend immédiatement des mesures pour le retirer des magasins et publie un communiqué dans la presse à ce sujet. Les clients peuvent rapporter les produits ainsi retirés à n'importe quel magasin de la RAO et en obtenir le remboursement total, même si la bouteille a été ouverte.

La gestion des stocks est une priorité de la Division de la distribution. Le système informatisé de prévision et de commandes a été amplifié et un système de contrôle des stocks mis au point pour l'achat des produits canadiens et importés. Les méthodes d'exploitation ont été améliorées pour relever le rendement des stocks et le service.

La Régie dispose de quatre entrepôts de distribution pour desservir ses quelque 620 magasins dans toute la province. Les entrepôts sont situés à London, Ottawa, Thunder Bay et dans la région de Durham, où se trouve son principal entrepôt.

L'un des
quatre
entrepôts de
distribution



Avant la dégustation, le laboratoire de la RAO s'assure que tous les produits alcooliques répondent aux normes strictes fixées par Santé et Bien-être Canada.

D i v i s i o n d e l a v e n t e a u d é t a i l

Au cours de l'exercice écoulé, nous avons pris plusieurs nouvelles initiatives et en avons développé d'autres tant pour améliorer le service à la clientèle que pour accroître notre efficacité.

Par exemple, 68 magasins de la RAO à travers la province ont rallongé leurs heures d'ouverture le samedi soir. Cette mesure a été bien reçue et sera maintenue. À Mississauga, nous avons ouvert un nouveau centre de distribution desservant 1 200 titulaires de permis. La RAO exploite maintenant des centres de distribution à Thunder Bay, Windsor, Hamilton et Ottawa. Au 31 mars 1988, la RAO comptait 623 magasins, soit une augmentation de six magasins par rapport à l'exercice précédent.

D é g u s t a t i o n d e V i n t a g e s d a n s l e s m a g a s i n s

Les dégustations en magasin de produits Vintages à Ottawa, London, Mississauga et Toronto ont remporté un tel succès que le programme a été mis en place dans 11 magasins de la Régie en Ontario ayant une section Vintages. Les clients savent apprécier l'occasion qui leur est donnée de "déguster" les produits avant de les acheter et nous projetons d'étendre encore ce service.

La formation du personnel en matière de service à la clientèle et de produits continue d'être l'une de nos plus hautes priorités. Le programme "Connaissance des produits" a été développé et comprend un cours par correspondance pour tous les employés de la Division de la vente au détail que cela intéresse. Deux employés de chacun des 26 districts ont été désignés comme instructeurs et ont mené à bien plusieurs programmes de formation destinés au personnel de détail.

Au cours de l'exercice écoulé, nous avons mis en place un système d'évaluation du rendement de l'exploitation pour accroître l'efficacité de la Division de la vente au détail.

Dans son rapport, le vérificateur provincial a soulevé la question de la gestion des stocks et de l'absence de critères formels de dotation en personnel des magasins de la Division de la vente au détail. Au cours de l'exercice, des systèmes de contrôle améliorés ont permis une réduction générale des stocks. Nous avons mis en route un programme destiné à établir des critères formels de dotation en personnel et à répondre aux autres questions soulevées par le vérificateur provincial.

L'important remaniement structurel de l'exercice écoulé a remis au premier plan le service à la clientèle. La Division de la vente au détail a été restructurée pour fournir un meilleur soutien aux représentants et éventuellement aux clients de la RAO. Nous avons accéléré le mouvement de décentralisation pour augmenter la responsabilité et la reddition de comptes des gérants de magasin, des chefs de district et des directeurs régionaux. Ce groupe de gestion participera plus largement aux prises de décisions à l'échelon régional et jouira de plus d'autonomie pour mieux répondre aux besoins de ses clients.



Les dégustations dans les magasins de produits Vintages à Ottawa, London, Mississauga et Toronto

ont remporté un tel succès que le programme a été mis en place dans 11 magasins de la Régie en Ontario ayant une section Vintages

R a b p o r t s d e s d i v i s i o n s

Le vice-président général, Len Pitura

J'ai choisi comme priorité depuis mon entrée à la RAO, dernièrement, la formation d'une nouvelle équipe de gestion efficace. Nous avons conclu récemment des recherches intensives dans le secteur privé pour trouver un vice-président principal de l'exploitation qui, relevant de moi, supervisera les trois Divisions de l'exploitation — commercialisation, détail et distribution. Nous lui confierons le mandat de moderniser et d'améliorer nos activités dans ces domaines très importants.

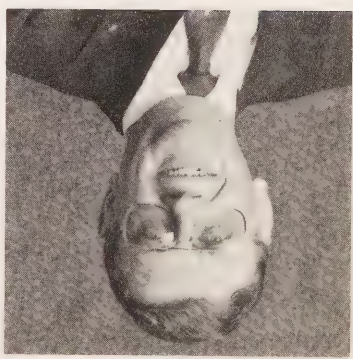
Les Divisions des services de renseignements, des finances et de l'administration, et des ressources humaines relèveront de moi. L'un de nos objectifs principaux est la décentralisation et il y a déjà des progrès dans la Division des ressources humaines, où ont été nommés des administrateurs régionaux du personnel dans les bureaux régionaux de toute la province.

Nous avons également déployé beaucoup d'efforts pour améliorer la situation financière de la RAO. Les dépenses d'exploitation augmentaient à un rythme plus rapide que le total des ventes ou le bénéfice net.

Nous avons mis au point une méthode plus stricte pour établir le budget. L'idée principale est d'adopter une attitude plus professionnelle en matière de budget en surveillant nos résultats.

Nous avons incité nos directeurs à coopérer plus efficacement avec le personnel en vue d'atteindre certains objectifs; nous avons mis en place un système de reddition de comptes pour que tous les directeurs soient plus conscients de leurs objectifs et de ceux de la Régie dans son ensemble. Nous sommes sur le point de mettre en application un système d'évaluation du rendement de tous les employés. Nous avons également signé un contrat avec un fournisseur qui nous aidera à mettre au point un système informatisé de point de vente, ce qui constitue l'un des projets les plus ambitieux jamais réalisés par la Régie. Le système permettra l'information aux renseignements utiles pour améliorer la prise de décisions commerciales. Les nombreuses nouvelles initiatives en cours s'ajoutant aux changements au niveau de la haute direction représentent un défi de taille pour la RAO. Je suis heureux à l'idée de contribuer à créer un organisme efficace et orienté vers la clientèle.

Len
Pitura,
vice-
président
général



La décentralisation est l'un
de nos objectifs principaux...

La RAO a choisi quatre domaines clés sur lesquels elle portera toute son attention à l'avenir. Le SERVICE À LA CLIENTÈLE est prioritaire. Nous avons créé une nouvelle Division de la commercialisation pour assurer que nos clients obtiennent les produits qu'ils veulent, quand et où ils les veulent.

Notre réseau de magasins sera plus sensible aux besoins des clients et, localement, les magasins tiendront compte des habitudes d'achat de leurs clients. Nous avons des projets en cours pour ouvrir le premier magasin de service complet qui offrira toutes les marques de produits, des réfrigérateurs, des appareils pour refroidir le vin, des comptoirs de dégustation, une boutique de bière et le service de consultants en vin, le tout sous le même toit!

Le deuxième domaine clé est LA COMMERCIALISATION ET LA DISTRIBUTION EFFICACE des produits. Nous mesurerons nos progrès en menant une série d'enquêtes indépendantes auprès des consommateurs. Les résultats de la première enquête indiquaient que dans l'ensemble nos clients sont très satisfaits des services que nous leur offrons.

Le RENDEMENT FINANCIER ET D'EXPLOITATION est notre troisième domaine clé. Nous établirons des normes de rendement du stock des entrepôts et des magasins, ce qui répondra à notre désir de concentrer notre attention sur l'amélioration du rendement financier et d'exploitation.

La RESPONSABILITÉ DE L'ÉQUIPE DE GESTION est le quatrième domaine clé. Nous avons mis en place un système d'évaluation du rendement selon lequel les cadres devront rendre compte des résultats.

Nos activités de communications se sont élargies à la fois au sein de la RAO comme à l'extérieur. Le personnel de la RAO est maintenant mieux informé grâce aux bulletins *The Exchange* et nous répondons au désir de nos clients d'être mieux informés en fournissant à tous les magasins un bulletin qui leur est destiné, intitulé "Actualités RAO". Nous mettons également en place à travers toute la province une ligne téléphonique 1-800 pour permettre au public d'obtenir des renseignements par téléphone en français comme en anglais.

La RAO fait l'objet d'un remarquable changement d'attitude, créant une atmosphère d'ouverture en augmentant ses consultations avec des personnes de l'extérieur. Le choix d'un nouveau produit Grappa illustre ce genre de participation. En effet, nous avons invité des représentants de la communauté italienne à déguster et à choisir le Grappa. D'autre part, c'est un jury de dégustateurs indépendants qui a choisi notre Beaujolais Nouveau l'année dernière. C'était la première fois que la RAO invitait des dégustateurs de l'extérieur à choisir un produit qui serait vendu dans ses magasins.

Il faudra bien sûr du temps pour transformer complètement, comme nous en avons l'intention, un organisme aussi grand que la RAO en un détaillant soucieux de plaire à la clientèle. Nous sommes anxieux d'offrir aux consommateurs de l'Ontario les meilleurs produits dans le cadre le plus agréable possible.

Nous continuerons d'améliorer nos services

pour répondre aux besoins

d'une clientèle plus avertie.

Au cours de l'exercice écoulé, la RAO a versé au Trésorier de l'Ontario des bénéfices s'élevant à 635 millions de dollars.

Rapport du président du conseil

ET DU CONSEIL D'ADMINISTRATION

Bien que les ventes de spiritueux soient demeurées stagnantes, le succès des coolers se reflète dans une augmentation de 106 % de leurs ventes. La part du marché des fabricants de vin de l'Ontario a connu une croissance modeste et les bières importées ont vu leurs ventes augmenter de 25 %.

Au fur et à mesure que les goûts du public changeront et qu'un plus grand nombre de consommateurs demanderont les meilleurs produits possible dans un environnement agréable et stimulant, nous continuerons à améliorer notre service. L'année dernière, par exemple, nous avons augmenté le nombre de comptoirs de dégustation pour permettre aux consommateurs de choisir eux-mêmes leurs produits. Nous avons rallongé les heures d'ouverture dans de nombreux magasins et offert à un plus grand nombre de magasins des sélections Vintages. Nous continuerons à améliorer ces services pour répondre aux besoins de consommateurs qui sont de meilleurs connaisseurs.

Pour atteindre son objectif d'être le détaillant le meilleur, le plus efficace et le plus professionnel du monde en son genre, la RAO a procédé à une restructuration à grande échelle au cours de l'exercice écoulé. Nous avons maintenant les bases solides sur lesquelles édifier un commerce de détail répondant au goût de la clientèle.

L'expérience de la vente au détail

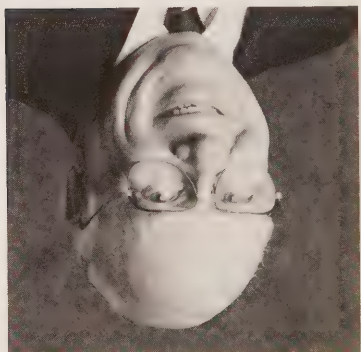
Le changement le plus important dans la restructuration a été de renforcer la composition et le rôle du conseil d'administration. Notre conseil qui se réunit tous les mois nous apporte des idées fraîches et examine objectivement la façon dont nous agissons en affaires.

Deux nouveaux membres du conseil d'administration ont de nombreuses années d'expérience fructueuse au niveau du détail à offrir à la RAO. M. Richard Sharpe, président du conseil et chef de la direction de Sears Canada Inc., et M. Steve Stavro, fondateur et président de Knob Hill Farms, nous font bénéficier de leurs vastes connaissances du commerce de détail.

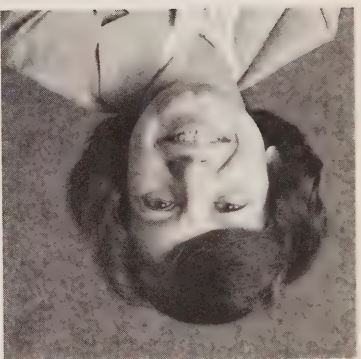
La récente restructuration a incité le conseil d'administration à s'orienter plus vers la vente au détail et a entraîné une nouvelle structure d'exploitation au niveau de la haute direction. M. Len Pitura a été nommé au nouveau poste de vice-président général. Il a pour mandat d'assurer l'harmonisation des fonctions de la RAO reliées à la clientèle (commercialisation, détail et distribution) et de ses fonctions de soutien (ressources humaines, services de renseignements et finances).

Un nouveau vice-président principal de l'exploitation a été nommé. Il est chargé de coordonner les activités de la commercialisation, de la vente au détail et de la distribution. Nous projetons de remanier la haute direction principale à l'avenir en combinant les postes de vice-président principal de l'exploitation et de vice-président général. Tous les vice-présidents relèveront du titulaire du nouveau poste.

Consell d'administratió



Jack Ackroyd,
président



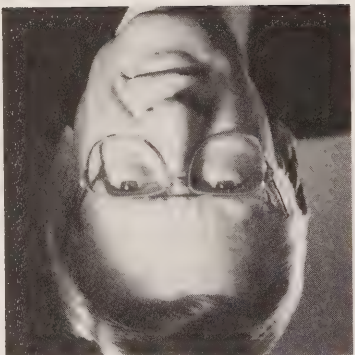
Katy Driver-
Radhakrishnan,
professeure
de pediatria
à l'Universitat
de Toronto



John Fryer,
président national,
Syndicat national
de la fonction
publique
provinciale



Steven Stavro,
président de
Knob Hill
Farms Ltd.



Richard Sharpe,
chef de la
direction
de Sears
Canada Inc.

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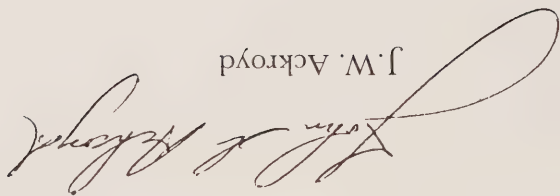
Ministre de la Consommation et du Commerce

L'honorable William Wrye

Monsieur le Ministre,
J'ai l'honneur de soumettre à votre approbation le rapport annuel de
1987-1988 de la Régie des alcools de l'Ontario.

Veuillez agréer, Monsieur le Ministre, l'assurance de ma très haute
considération.

Le président,


J. W. Ackroyd

R a b p o r t a n n u e l





L.C.B.O.

ANNUAL
REPORT
1988 ♦ 1989



Liquor
Control Board
of Ontario

FROM THE CHAIRMAN

The Honourable William Wrye
Minister of Consumer and Commercial Relations

Sir:

I have the honour to submit for your approval the 1988/89 Annual
Report of the Liquor Control Board of Ontario.

Respectfully submitted,



J.W. Ackroyd
Chairman

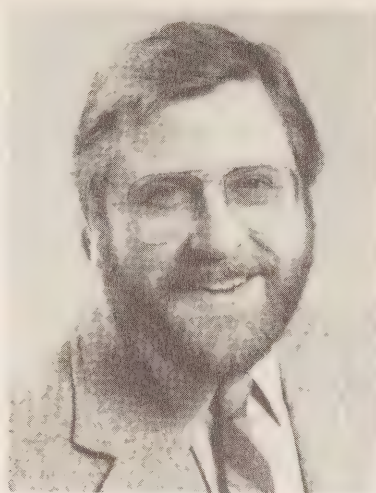
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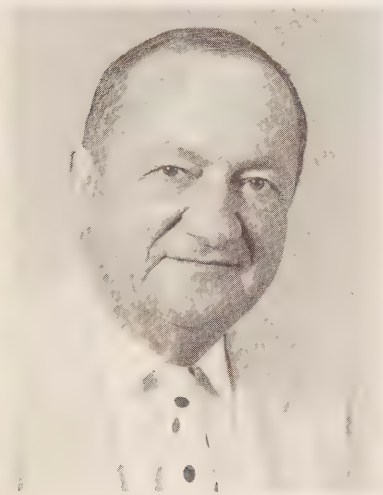
BOARD OF DIRECTORS



Dr. Katy Driver-Radhakrishnan,
Professor of
Pediatrics,
University
of Toronto



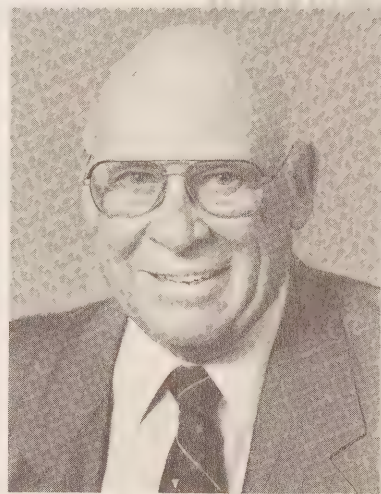
John Fryer,
National President,
National Union
of Provincial
Government Employees



Steven Stavro,
President
Knob Hill
Farms Ltd.



Richard Sharpe
Chief Executive
Officer,
Chairman of the Board,
Sears Canada Inc.



Jack Ackroyd,
Chairman



THE CHAIRMAN'S MESSAGE

Fiscal 1988/89 was one of the most important years in the LCBO's history. It was a year of change and challenge, a year which signalled the arrival of a new reality in the beverage alcohol marketplace.

One of the most important, and indeed historic events was the signing of new agreements on international trade. Both the Free Trade Agreement with the United States, and the General Agreement on Tariffs and Trade called for a new pricing structure on wine and spirits. These changes will create an increasingly competitive marketplace, and represent new challenges for Ontario grape growers and wine makers. To help them remain competitive, the Ontario and federal governments introduced a major support program.

A new listings policy, one which would treat all suppliers exactly the same, was also established. The new policy is based on performance and was developed in co-operation with suppliers. It asks them

to prepare a business plan for their products; products that sell will continue to be listed, those that don't may be de-listed.

A third important factor affecting our operations last year was not new. For the eighth consecutive year, sales of spirits continued to decline. This is the result of shifting consumer preferences – away from more traditional products to those that reflect contemporary tastes.

The impact of that factor on our operations can best be seen by looking at the financial figures. Total sales were \$1,930,319,000, and profits remitted to the Treasurer of Ontario were \$645 million. Both figures represent increases over the previous year. That, however, is due to the retail price increases implemented last year, rather than any growth in the volume of products sold.

The new realities have created a new imperative for the LCBO—to continue to

"The new realities have created a new imperative for the LCBO—to continue to be an efficient and responsive organization in a dramatically changing marketplace."

be an efficient and responsive organization in a dramatically changing marketplace. Senior management clearly recognized that necessity when, last year, it developed and adopted a new Strategic Direction. Customer service, increased efficiency and a business-like product management system are the key components of that new direction. The Board's awareness of, and strong commitment to the LCBO's social responsibilities are the basis for that new direction.

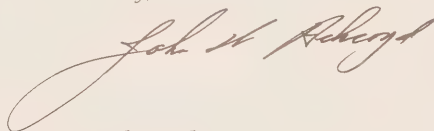
Our new statement of purpose also reflects our determination to succeed: "The LCBO, in a socially responsible manner, will be the best customer-focused and profitable retailer of beverage alcohol and related services."

Some of our achievements this year clearly illustrate our commitment to reaching our goals. In an effort to expand service to areas that cannot support a regular LCBO operation, Cabinet approved the expansion of the Agency Store Program on a trial basis to ten rural areas in central and southeastern Ontario. The program previously operated in northern Ontario. At the same time, the Board released ambitious plans to build and open what would become the largest, most sophisticated store in the 626 store network. The Crossroads store will be located in northwest Toronto and open in the spring of 1989.

Our own administrative operations also met new challenges in 1988/89. Both the French Language Services and the Freedom of Information Acts came into effect. The steps that we took to implement these important pieces of legislation once again indicated our ability to respond to change.

The LCBO faces a significant challenge in the year ahead. It will succeed if it listens and adapts to the changing tastes and preferences of the marketplace. The Board's actions in 1988/89 marked a strong step in that direction, and I look forward to continuing that progress.

Sincerely,



J.W. Ackroyd
Chairman

MESSAGE FROM THE EXECUTIVE VICE-PRESIDENT

The most important initiative in 1988/89 was the adoption and implementation of a new Strategic Management Plan.

The plan is a response to the new strategic directions set by the Board of Directors, and recognizes that the most critical parts of our operations are the 626 LCBO stores. What happens in those stores, and how it happens, will ensure the success of the organization. As a result, the plan outlines the main operating principles that will guide the LCBO through the next three to five year period. The plan will be communicated to all employees by mid-1989.

The key components of the plan include the move to a head buyer concept of product management, and the establishment of a new business-like listings policy. The strategic plan will also see the LCBO place a greater emphasis on the quality of customer service in every phase of its operations. Underlying and unifying these changes is a call for the LCBO to continue to demonstrate its social responsibility concerning beverage alcohol.

In 1988/89, improved communication with our suppliers was also achieved. Establishment of a good working Trade Relations Committee was another major advance.

The Board also capped a major thrust it began the previous year when it put into place a streamlined management team. Heading the team is the newly created position of Senior Vice-President, Oper-

ations. That individual reports directly to me, and oversees the activities of our three main operating divisions – Merchandising, Retail and Distribution. The results of this move are already noticeable, as steps have been taken to streamline our operations in these important areas. Others are being planned for the future.

Considerable change in all aspects of the LCBO's activities have taken place this year, particularly in our operations area. This momentum of change has to continue in the years ahead as we adjust to trends in the industry and society as a whole. The challenge will be to make the corporate culture more comfortable with the changes needed to reach our objectives.

Thanks to everyone, 1988-89 was a year of accomplishments at the LCBO. I look forward to a year of continued achievement in 1989-90.

Sincerely,



Len Pitura
Executive Vice-President



"The challenge will be to make the corporate culture more comfortable with the changes needed to reach our objectives."

MESSAGE FROM THE SENIOR VICE-PRESIDENT, OPERATIONS

This past year saw several major developments in the LCBO's continuing drive to become a responsive, consumer-driven retail organization. Activities in all our divisions focused on a single goal – to deliver the highest level of customer service possible.

To meet that goal the Board made significant organizational changes, and added and expanded other services that will benefit consumers. A major step was the creation of the category manager position. The move is part of the Board's new product management policy that integrates all the marketing functions for a single product category under one of five category managers. The policy was designed with the customer in mind – to ensure that our shelves are stocked with the products that consumers want, when they want them.

During the next year customers will also see several new and helpful merchandising innovations in LCBO stores. This is the result of our decision to expand the position of Promotions and Visual Communications Manager. One of the manager's main responsibilities is to create attractive and dynamic retail environments. In co-operation with suppliers, the manager will also develop in-store promotions for particular products, and introduce new services to customers in selected stores.

Some of those services are being planned for the Crossroads store. To see those plans is to look into the very near

future – a new era in LCBO retailing. Lectures on wine. Cooking demonstrations. Inter-active video terminals to help customers choose an appropriate wine or spirit. These are just several of the many exciting services that will be offered for the first time.

Progress was also made by expanding our in-store tastings and wine chiller programs. Both had proven popular in tests with customers in selected stores during the previous year. The shelf management program, whose goal is to move more products out of the storage area, onto store shelves, was also expanded.

The success of any retail organization is based on its commitment to delivering superior customer service. Our achievements this year demonstrate the LCBO's intention to deliver on that commitment, and I look forward to strengthening these efforts in the year ahead.

Sincerely,



Larry Gee,
Senior Vice-President, Operations



"Activities in all our divisions focused on a single goal – to deliver the highest level of customer service possible."

DIVISIONAL REPORTS



Technician Nadine Salij in the Quality Control Testing Lab.

RETAIL DIVISION

The Retail Division's activities over the year reflected the LCBO's growing emphasis on customer service.

In co-operation with the LCBO's Communications Branch, a quarterly newsletter was launched to help consumers become better informed about products, and the socially responsible use of alcohol. "LCBO TODAY" carries columns by recognized wine experts, recipes for popular cocktails, and other informative, regular features. This information packed publication is available exclusively in LCBO stores.

Another major initiative was the installation of a computerized cash register system that will link individual stores directly to the head office mainframe computer. This new point-of-sale technology will reduce paperwork and provide a high speed capability to monitor market trends and sales patterns. The system was tested in a pilot store, and store-wide installation is expected to start in the next fiscal year.

Late in the year the Board's new Infoline service was expanded across the province. Operated by the Communications Branch, the bilingual service provides consumers toll-free telephone access to information on products and services in LCBO outlets. Two other successful programs were also expanded. In-store tastings that allow customers to sample selected products before buying them, began to take place in regular stores, as well as in those with a Vintages corner. And high-speed wine chillers, which had proven popular with customers in some LCBO stores, were placed in an additional 42 stores.



Vintages Stores, such as this one in North York, offer a wide selection of fine domestic and imported wines.

Two trial programs were announced in 1988. The Agency Store program, which has operated for 25 years in remote areas of Northern Ontario, will be tested in 10 small towns and villages in the central and southeastern regions of the province. These small Agency Stores will operate out of existing retail stores, and bring service to areas with insufficient population to justify the opening of a regular LCBO outlet. Stores will be opened in 1989 and customer reaction will be closely monitored.

No single project better represents the LCBO's new approach to retailing than the Crossroads store. With 17,000 square feet of floor space, Crossroads will be more than twice as large as the average LCBO outlet. It will also offer customers the widest and most varied range of products and services ever featured in a single LCBO store.

The Retail Division is on the leading edge of change at the LCBO. In 1989/90, it looks forward to providing customers improved service in progressive and dynamic retail environments.

"The Retail Division is on the leading edge of change at the LCBO."

MERCHANDISING DIVISION

Last year, many of the strategic plans that the division had made in its first year of operation came into effect. By year end, Merchandising's responsibilities spanned the full spectrum of marketing activities. This will be of vital importance in helping the LCBO become a truly market-driven organization.

One of the most significant events was the introduction of the new product management policy. All products sold by the LCBO were grouped into one of five categories: North American and imported wines, domestic and imported spirits, and miscellaneous products. A category manager was given total marketing responsibility for a single category of products.

The policy was developed in co-operation with suppliers, and takes a business-like approach to the listing of beverage alcohol products. The policy will give consumers better access to a broad selection of products, and give suppliers an improved ability to move products in and out of the store system, according to changing consumer tastes.

While the category managers will ensure that the right products are bought, the newly expanded position of Promotions and Visual Communications Manager will ensure that those products are displayed in the right way, in the right retail environment. The manager will be responsible for creating a clear and consistent corporate identity in all LCBO stores.

Product testing is an integral part of marketing, and the division assumed this responsibility last year when the Quality Assurance Department became part of its operations. Last winter the quality control lab moved into a new \$1.7 million facility where technicians can perform close to 20 different tests on more than 150 samples each week. Samples of each of the more than 3,000 products carried by the Board are tested here at least once a year.

Responsibility for purchasing Vintages products was also given to the division last year. The move was a highly strategic one. By the end of 1988, responsibility to test, buy and position all products had been centralized in one Merchandising Division.

"By year end, Merchandising's responsibilities spanned the full spectrum of marketing activities."



Marketing activities are now concentrated in the Merchandising Division. Management personnel from left are Don Lawson, Denise War, Nancy Cardinal, Ken Locke, Anne Hartley, Bruce Haines (seated), Rick Wood, Susan Williams and Bob Downey.

HUMAN RESOURCES DIVISION

Human Resources produces and delivers high quality, cost-effective programs and services to help the organization and its almost 6,500 employees function successfully in a customer oriented environment.

To help achieve that goal the division last year developed and launched the Product Knowledge Correspondence Course for all retail and distribution employees. Almost 1,000 employees have passed Level 1. Late in the year a second level was added, and over 600 employees are now preparing for their exams in this phase of the course. To increase store employees' awareness of the socially responsible use of alcohol, the division produced and screened an interactive video entitled "Strategies for Managing Age and Alcohol Related Troubles". It demonstrates how store staff can properly deal with intoxicated or under-age individuals.

The division also promoted and recognized employee initiative by launching an employee suggestion program, "Innovators". The program encourages staff to develop creative, cost-effective ways of improving both the LCBO's customer services and operational efficiency.

The creation of a safe working environment is one of the LCBO's most important goals. Part of the effort last year saw the production of an employee information guide to hazardous materials in the workplace. The guide was one part of an educational program that also included management seminars on this important topic.

For employees approaching retirement, the division prepared and delivered a "Pre-retirement" program. The program

offers advice on topics such as financial and lifestyle planning, as well as others that will help employees lead a productive life in their retirement years.

Human Resources also set up mechanisms to ensure the smooth implementation of two important programs recently introduced across the Ontario Public Service. A joint management/union Pay Equity Committee was formed, and an Employment Equity data base was developed.

A new two-year Collective Agreement was negotiated, without resorting to arbitration. Highlights include Regional Labour/Management Committees, and an arbitration system that will facilitate timely, cost-effective and fair solutions to many grievances.

These, and other activities during 1988, demonstrated the division's commitment to developing a proactive approach to human resource management. The Human Resources Division looks forward to maintaining that commitment in the future, and to providing the LCBO with an efficient, responsive and client focused service.

"These activities demonstrated the division's commitment to developing a proactive approach to human resource management."



Human Resources Division personnel discuss components of a training seminar. Leading the session is Isobel Gallagher, while clockwise around the table are Pierre Lebel, Margaret Stathakos, Sandy Rae, Wayne Zachar, Janet Naidu, Carole Ann Wilneff, Geoff Crane and Diane Bernas.



Warehouseman Stuart Finlayson merges orders in Toronto Distribution Depot.

DISTRIBUTION DIVISION

The Distribution Division directs and manages all LCBO warehousing and transportation activities. Focal points of those activities are four distribution warehouses in London, Ottawa, Thunder Bay and the main storage facility in Whitby.

In one of its major initiatives late in the fiscal year, the division began a comprehensive review of its overall operations. The goal is to find ways to achieve greater operating efficiencies and to recommend alternatives to established procedures.

The various traffic services used by the LCBO is one of the most important areas being reviewed. Included among those services are ocean shipping, the movement of goods between ware-

houses, from the warehouses to stores, and from suppliers' storage facilities to LCBO warehouses. The goal is to determine the most efficient and cost-effective ways of contracting for those services.

The division also began to implement a new computer system to improve service to its Private Stock customers. The Private Stock department imports only wine and spirits not found on the LCBO's regular listings. The new system will record and trace all Private Stock orders, and is expected to be up and running by the end of 1989.

An efficient inventory management program also began last year, and its smooth operation will continue to be a top priority in 1989.

"The division also began to implement a new computer system to improve service to its Private Stock customers."

FINANCE AND ADMINISTRATION

In a year which saw the LCBO improve its strategic decision making process, Finance and Administration focused on providing the critical financial data needed to make those decisions.

In 1988, the division continued to develop and implement improvements to the management reporting systems that had been put into place earlier. To provide more relevant and timely data to the Board of Directors and senior management, it re-designed the periodic corporate financial statement package. And for the first time, retail store financial statements were prepared and issued. The statements will assist the Retail Division to review individual store performance.

Finance and Administration also took a lead role in preparing a five-year Financial Plan, as well as the 1988/89 Fiscal Year Plan. Both included substantial input from the operating divisions.

As a result of improved cash management practices, debt elimination, and better inventory controls, borrowing costs for the year were reduced by \$2.8 million. Debt was also significantly reduced and eliminated at year end.

In other initiatives, the division:

- *established a separate treasury function to develop and administer corporate cash management practices, including foreign exchange and treasury systems;

- *re-organized the Accounting Operations Department to support the introduction of the computerized Point-of-Sale system in stores. This will also smooth the way for the future im-

plementation of a new Financial Information System;

- *initiated systems to track and report financial results by product, sales channel, location, and type of customer.

In the coming year, Finance and Administration looks forward to providing efficient services to the LCBO's operating and support divisions, and to senior managers and executives in the organization.



Total 1988-89 sales were \$1,930,319,000.00; profits remitted to the Treasurer of Ontario were \$645,000,000.00.

"As a result of improved cash management practices, debt elimination and better inventory controls, borrowing costs for the year were reduced by \$2.8 million."

INFORMATION SERVICES DIVISION

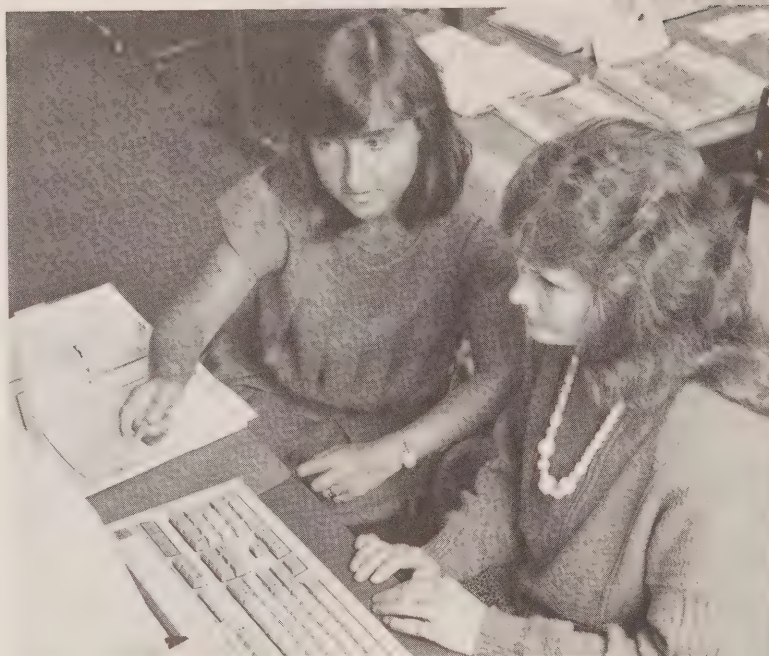
In 1988 Information Services continued to expand the level of computerization within the LCBO, and to consider cost-effective, sophisticated systems to improve administrative and operational efficiency.

A significant initiative was the beginning of the Information Resource Management Study. The study will map a strategic plan to help the LCBO manage its information resources and investment in technology. The study will be completed in the summer of 1989.

Another major project was the installation of a network support system for the Point-of-Sale (POS project). POS is a computerized cash register system that will link individual stores to a head office, mainframe computer. As well, mainframe software to support the POS implementation was upgraded, and head office applications to process POS-generated information were converted.

The division also decided to acquire a standard methodology for future information system development. It will ensure that new systems are cost-effective and conform to the organization's business requirements.

The first phase of a new system that captures customer information, automates order taking, and generates purchase orders for the Private Stock Department was put into place. Reduced paper work, more accurate reporting and improved customer service are some advantages of the new system.



Linda Dal-Den instructs Sault Sainte Marie store clerk Jill Nicholson on the new Point-of-Sale system.

The division also improved service provided by the Information Centre. To cut down on the delivery time for PC equipment, it established a Standing Purchase Order Agreement for microcomputers. It also launched a PC Loaner Program that will reduce the expense of renting equipment. And to improve and streamline service delivery, a Systems Co-ordination area was created. The new area will provide the division's clients with a single, convenient contact for a variety of service-related enquiries.

These and other initiatives that the division hopes to take next year, will help it continue to play a key support role in the LCBO's operations.

"The study will map a strategic plan to help the LCBO manage its information resources and investment in technology."

MARKET DATA



Wine consultants Stephan Kusinski, Edward Finstein, Elizabeth Maldaver and Mike Thurner in Quality Control's Tasting Lab.

SALES BY BREWERIES

TO OTHER PROVINCES AND COUNTRIES

(in litres)	1989 (000)	1988 (000)	1987 (000)	1986 (000)	1985 (000)
Sales to Other Provinces	6,371	2,812	3,031	17,619	11,326
Export Sales	139,538	123,363	119,175	140,811	116,875
	145,909	126,175	122,206	158,430	128,201

Five new micro breweries opened during the year as follows:

Halton County Brewery
2187 Dunwin Drive, Mississauga

July 8, 1988

Sculler Brewing Company
227 Bunting Road, St. Catharines

July 13, 1988

The Sleeman Brewing & Malting Co. Ltd.,
551 Clare Road West, Guelph

July 15, 1988

Wheatley Brewery
5 Frase Road, Wheatley

November 21, 1988

The Northern Algonquin Brewing Company Limited
1 Old Brewery Lane, Formosa

January 11, 1989

At fiscal year-end there were 32 brewery plants (including 15 micro-breweries) licensed to sell beer in Ontario. During the year five Brewers stores were opened. At March 31, 1989, a total of 467 stores were in operation.

WINERIES AND WINERY RETAIL STORES

There were 19 wineries in Ontario at March 31, 1989.

One new winery was granted an Ontario Wine Licence as follows:

De Sousa Cellars Corporation, Beamsville

August 18, 1988

One winery, Paul Masson & Company Limited, Beamsville, closed January 1, 1989 and Barnes Wines Limited, St. Catharines, was sold to Chateau-Gai Wines Limited, Niagara Falls, on August 19, 1988.

There was a net increase of eight winery retail stores during the year as a total of 220 wine stores (156 conventional and 64 mini stores) were in operation throughout the province at March 31, 1989.

SALES BY WINERIES

TO OTHER PROVINCES AND COUNTRIES

(in litres)	1989 (000)	1988 (000)	1987 (000)	1986 (000)	1985 (000)
Sales to Other Provinces	2,746	6,341	4,650	5,376	5,886
Export Sales	118	141	127	173	262
	2,864	6,482	4,777	5,549	6,148

The tonnage of Ontario grapes and apples used by the various Ontario wineries over the past five years is as follows:

	1989	1988	1987	1986	1985
Grapes used in the manufacture of wine	24,372	33,242	30,970	33,850	29,546
Grapes used in the manufacture of concentrate	1,730	4,910	4,140	5,315	3,724
Apples used in the manufacture of cider	487	632	832	840	464
	26,589	38,784	35,942	40,005	33,734

The following quantities of wine (in gallons) were imported for blending in accordance with the conditions of the Wine Content Act 1976:

	1989	1988	1987	1986	1985
	820,306	859,871	561,432	855,961	392,518

AGENCY STORES

At March 31, 1989 there were 70 agency stores in operation.



LCBO PRODUCT LISTINGS

DOMESTIC	March 31, 1989	March 31, 1988
Canadian Whisky	161	163
Canadian Blended Rums	119	120
Canadian Gin	53	54
Canadian Vodka	77	73
Canadian Brandy	6	6
Canadian Blended Brandy	17	17
Canadian Spirit Coolers	41	17
Alcohol	6	6
Fruit Spirits	6	6
Miscellaneous Liquors	11	15
Canadian Liqueurs	137	135
Ontario Wines	632	602
Ontario Wine Coolers	60	55
Other Canadian Wines	1	1
Canadian Ciders	11	15
Canadian Beers (Includes Beer Coolers)	271	250
Miniatures	33	44
Bitters	2	2
	1,644	1,581

IMPORTED	March 31, 1989	March 31, 1988
Whisky – Scotch	90	89
– Irish	5	5
– Bourbon	2	2
– Tennessee	4	4
– Kentucky	1	1
– American	–	–
Gin	12	13
Rum	13	14
Vodka	23	16
Tequila	7	7
Brandy	73	71
Fruit Spirits	4	3
Miscellaneous Liquors	38	24
Liqueurs	68	63
Wines	904	815
Cider	1	1
Beer & Sake	47	45
Miniatures	20	52
Bitters	18	8
	1,330	1,233
Total Regular Listings	2,974	2,814
Vintage Wines and Spirits	738	730
Duty-Free Listings	92	87
Total Product Listings	3,804	3,631

FINANCIAL RESULTS



Wine consultants constantly evaluate products and also provide helpful service to shoppers in stores with Vintages corners. Pictured above are Stephan Kusinski and Edward Finstein.



Finance and Administration Division personnel from left are Joan Chapman, David Pratt, Peter Mokriy (seated), Serena Sequeira (standing) and Rosemary LeClair.

ANALYSIS OF INCOME & EXPENDITURES 1988-89

INCOME	(\$000)	% of Total
Sales	1,922,521	90.7
Sales Tax	188,774	8.9
Fees & Other	7,798	0.4
Total	2,119,093	100.0

EXPENDITURES

Net Profit	660,445	31.2
Suppliers	556,580	26.3
Receiver General, Government of Canada	405,810	19.2
Retail Sales Tax	188,774	8.9
Retail Stores & Marketing	187,955	8.8
Freight	43,804	2.1
Administrative Costs *	29,456	1.4
Warehousing	26,009	1.2
Fixed Assets	15,448	0.7
Municipalities	4,812	0.2
Total	2,119,093	100.0

* Total remuneration paid to LCBO Board Members in 1989 was \$95,438.



Finance and Administration Division employees Rani Persaud and Jacqueline Henry (seated).

FINANCIAL OVERVIEW

	1989 (\$000)	1988 (\$000)	1987 (\$000)
Sales and Other Income	1,930,319	1,867,684	1,775,296
% increase/previous year	3.5	5.2	7.3
	(\$000)	(\$000)	(\$000)
Operating Expenses	263,680	245,662	222,026
% of expenses/sales	13.6	13.2	12.5
	(\$000)	(\$000)	(\$000)
Net Income	660,445	641,027	637,194
% of Income/Sales	34.2	34.3	35.9
Self-serve Stores in Operation	607	585	558
Total Stores in Operation	626	623	617
Number of Permanent Employees	3,396	3,460	3,348
Number of Regular Products Listed	2,974	2,814	2,988

RETAIL PRICE BREAKDOWN

Examples at March 31, 1989

	Domestic Spirit 750 ml Bottle (26.4 oz.)	Imported Spirit 750 ml Bottle (26.4 oz.)
SPIRITS		
Provincial Sales Tax	\$1.78	\$2.01
LCBO Markup and Levy	7.89	9.09
Federal Sales Tax	1.06	1.14
Federal Excise Duty	3.22	3.24
Supplier Price to LCBO	2.70	3.27
Total	\$16.65	\$18.75

SUMMARY

To Supplier	\$2.70	\$3.27
Federal Government	4.28	4.38
Provincial Government	9.67	11.10
Total	\$16.65	\$18.75

RETAIL PRICE BREAKDOWN

Examples at March 31, 1989

	Ontario Table Wine 1 L Bottle (35.2 oz.)	Imported Table Wine 1 L Bottle (35.2 oz.)
WINES		
Provincial Sales Tax	\$0.67	\$0.82
LCBO Markup, Levy & Flat Tax	1.78	3.79
Federal Sales Tax	0.58	0.42
Federal Excise Duty	0.45	0.49
Supplier Price to LCBO	2.77	2.13
Total	\$6.25	\$7.65

SUMMARY

To Supplier	\$2.77	\$2.13
Federal Government	1.03	0.91
Provincial Government	2.45	4.61
Total	\$6.25	\$7.65

SALES

Total sales of spirits, wine and beer by board stores during the fiscal year ended March 31, 1989 were \$1,922,521 thousand.

Of this total, \$308,633 thousand or 16.1 % consisted of sales to licensed establishments. Sales of Ontario wine made directly to customers by licensed retail wine stores and wineries in Ontario amounted to \$49,141 thousand. The net value of beer sold in Ontario by breweries and Brewers' Retail outlets exclusive of the cost of containers totalled \$1,661,419 thousand.

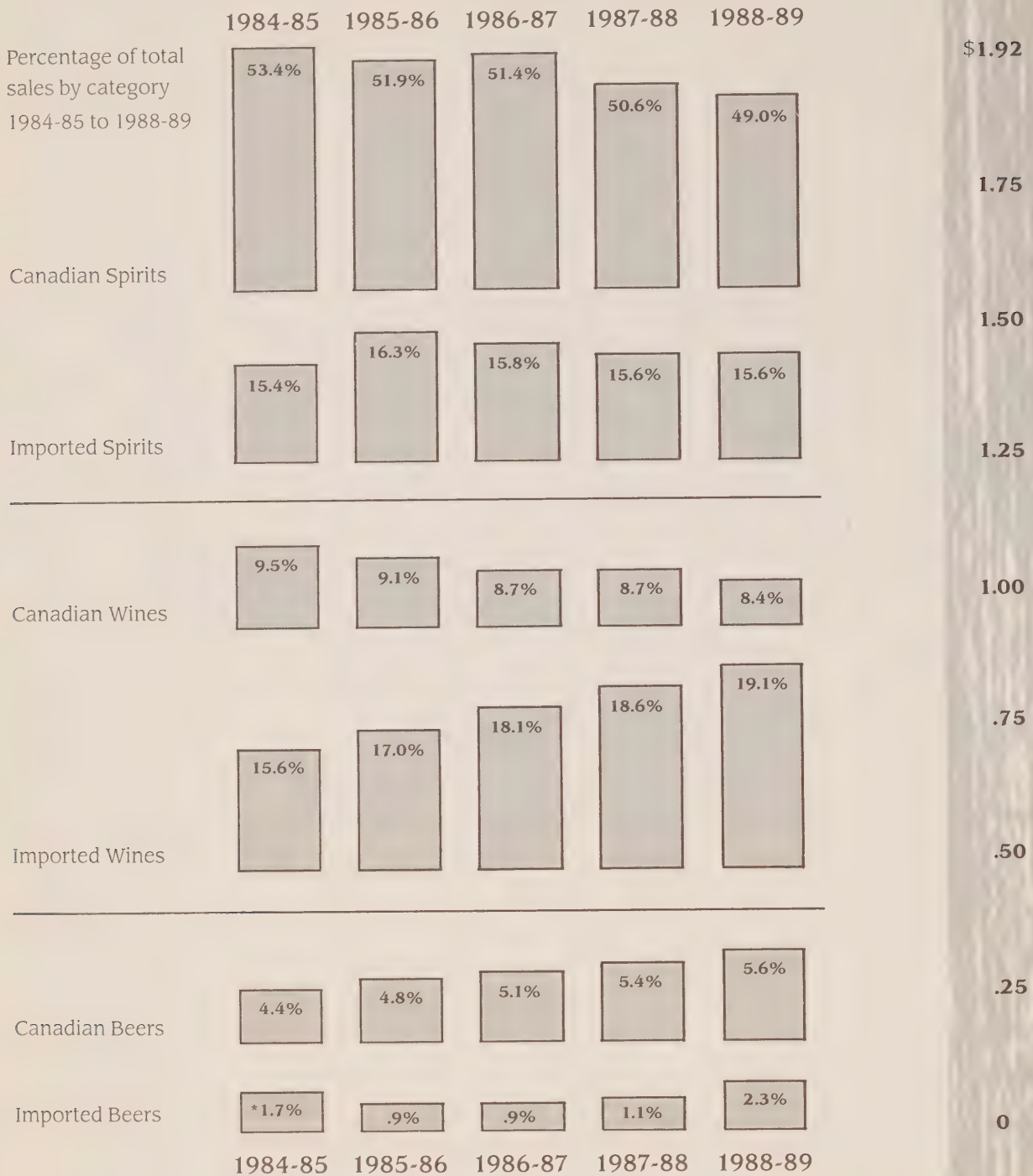
The following tables show increases in sales for the fiscal year under review as compared with the previous year's totals:

SALES IN DOLLARS	Fiscal Year Ended March 31 / 89	Fiscal Year Ended March 31 / 88	Increase (Decrease)
Sales by Board Stores	(\$000)	(\$000)	(\$000)
Canadian Spirits	941,012	940,915	97
Imported Spirits	300,675	289,846	10,829
* Canadian Wines	161,712	162,629	(917)
Imported Wines	367,652	345,303	22,349
Canadian Beers	108,027	100,574	7,453
Imported Beers	43,443	20,862	22,581
Total Sales by Board Stores	1,922,521	1,860,129	62,392
Sales by Ontario Wineries and Winery Stores	49,141	48,151	990
Sales by Breweries and Brewers' Retail Stores (exclusive of container value)	1,661,419	1,542,844	118,575

* Includes Ontario wine sales of \$160,276 thousand during fiscal year ended March 31, 1989, compared with \$161,552 thousand during previous year.

SALES IN DOLLARS

Dollars in
Billions



*The increase in imported beer sales is attributable to the labour dispute which closed the major breweries in Ontario for most of March 1985.



Warehouseman Mike Nehaul moves the goods at the Toronto Distribution Depot.

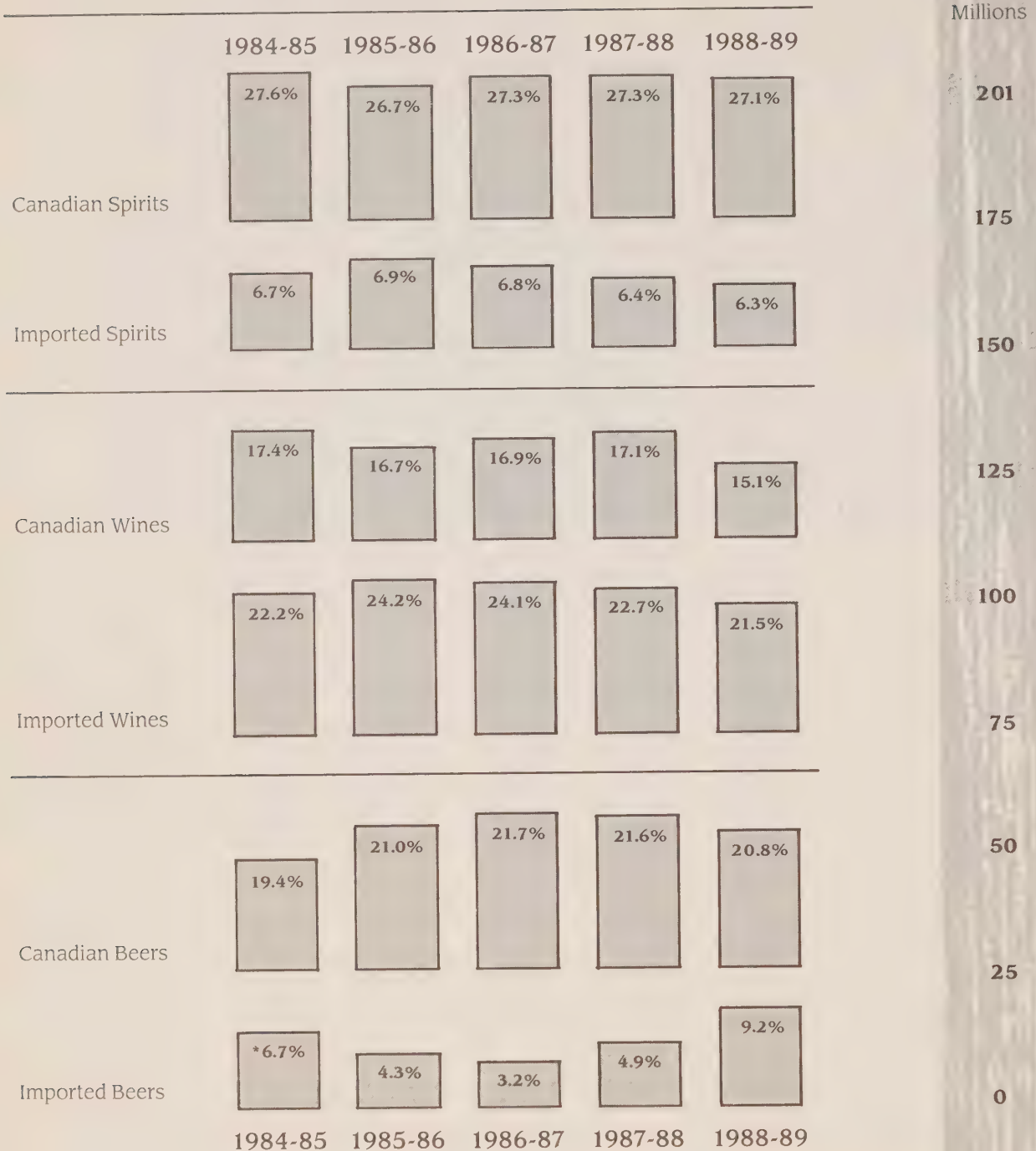
	Fiscal Year Ended March 31 / 89	Fiscal Year Ended March 31 / 88	Increase (Decrease)
SALES BY LITRES			
Sales by Board Stores	(000)	(000)	(000)
Canadian Spirits	54,597	54,470	127
Imported Spirits	12,630	12,690	(60)
* Canadian Wines	30,457	34,054	(3,597)
Imported Wines	44,922	45,197	(275)
Canadian Beers	42,011	43,049	(1,038)
Imported Beers	18,547	9,711	8,836
Total Sales by Board Stores	203,164	199,171	3,993
Sales by Ontario Wineries and Winery Stores	9,362	10,595	(1,233)
Sales by Breweries and Brewers' Retail Stores	776,011	788,805	(12,794)

* Includes Ontario wine sales of 30,242 thousand litres during fiscal year ended March 31, 1989, compared with 33,847 thousand litres during previous fiscal year.

Percentage of total
sales by category
1984-85 to 1988-89

SALES BY LITRES

Litres in
Millions



*The increase in imported beer sales is attributable to the labour dispute which closed the major breweries in Ontario for most of March 1985.

REVENUE PAYMENTS

Levies on beverage alcohol sold in the province during the year contributed an amount in excess of \$1.3 billion to the Treasurer of Ontario, and revenue paid to the Government of Canada exceeded \$764 million. These amounts do not include corporation, realty and business taxes paid by the distilleries, wineries, breweries and licence holders. Ontario retail sales tax collected by the licence holders and agency stores on sales of beverage alcohol is also excluded from these figures.

A summary of these revenue payments is as follows:

TREASURER OF ONTARIO	(\$000)	(\$000)
Remitted by the Liquor Control Board		
– on account of profits	\$645,000	
– Ontario retail sales tax on sales through liquor stores	188,774	
	\$833,774	
Remitted by the Liquor Licence Board		
– on account of licence fees and permits	399,123	
Remitted by others		
– Ontario retail sales tax on sales through Brewers' Retail Stores and retail wine stores	152,501	\$1,385,398

RECEIVER GENERAL FOR CANADA

Remitted by the Liquor Control Board		
– customs and excise duties	\$306,095	
– Federal sales tax on spirits, wines and imported beers	99,715	
	\$405,810	
Remitted by others		
– malt duties and taxes on domestic beers and wines	358,559	\$764,369

ONTARIO MUNICIPALITIES

Remitted by the Liquor Control Board		
– grants in lieu of realty and business taxes		\$4,812
		\$2,154,579

FINANCIAL STATEMENTS



Since their introduction in 1985, Vintages stores have proven extremely popular with shoppers. There are now five Vintages stores throughout the province

BALANCE SHEET

LIQUOR CONTROL BOARD OF ONTARIO Balance Sheet as at March 31, 1989

Assets	1989 (\$'000)	1988 (\$'000)
Current		
Cash	108	—
Accounts receivable, trade and others	2,290	9,392
Inventories, at cost	174,977	181,835
Prepaid expenses	2,025	1,677
	179,400	192,904

Liabilities and Retained Income

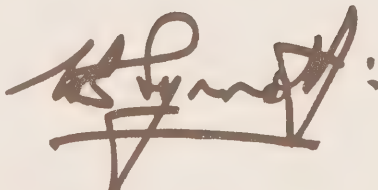
Current		
Bank overdraft	—	45,270
Accounts payable and accrued liabilities	101,111	84,790
Retained income	78,289	62,844
	179,400	192,904

See accompanying notes to financial statements.

Approved:



Chairman



Vice President,
Finance and Administration

STATEMENT OF INCOME AND RETAINED INCOME

LIQUOR CONTROL BOARD OF ONTARIO Statement of Income and Retained Income year ended March 31, 1989

	1989 (\$'000)	1988 (\$'000)
Sales and other income	1,930,319	1,867,684
Costs and expenses		
Cost of sales	1,006,194	980,995
Retail stores and marketing	187,955	177,053
Administration	34,268	32,204
Warehousing and distribution	26,009	26,437
Fixed assets	15,448	9,968
	1,269,874	1,226,657
Net income for the year	660,445	641,027
Retained income, beginning of year	62,844	56,817
	723,289	697,844
Deduct payments to the Treasurer of Ontario on account of net income	645,000	635,000
Retained income, end of year	78,289	62,844

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

LIQUOR CONTROL BOARD OF ONTARIO Notes to Financial Statements March 31, 1989

1. SIGNIFICANT ACCOUNTING POLICY

The Board's financial statements are prepared in accordance with generally accepted accounting principles except for fixed assets which are written off to operations at the time of acquisition.

2. INSURANCE

The Board follows the policy of self-insuring its store assets for property damage such as fire, water, vandalism or theft. All other material assets are insured by insurance companies.

3. LEASE COMMITMENTS

The Board is committed under operating leases on leased premises with future minimum rental payments due as follows:

	(\$'000)
1990	18,973
1991	16,887
1992	14,820
1993	11,806
1994	8,758
Thereafter	22,401

93,645

4. PENSION PLAN

The Board provides pension benefits for substantially all its permanent employees through participation in the Public Service Superannuation Fund and the Superannuation Adjustment Fund established by the Province of Ontario. The Board's share of contributions to these funds during the year was \$7,905,895 (1988 - \$7,604,963). This amount represents the total obligation of the Board.

5. COMPARATIVE FIGURES

Comparative figures have been reclassified where necessary to conform with the 1989 presentation.

AUDITOR'S REPORT

To the Liquor Control Board of Ontario and
to the Minister of Consumer and Commercial Relations.

I have examined the balance sheet of the Liquor Control Board of Ontario as at March 31, 1989 and the statement of income and retained income for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Board as at March 31, 1989 and the results of its operations for the year then ended in accordance with the accounting policy described in note 1 to the financial statements applied on a basis consistent with that of the preceding year.

Toronto, Ontario,
July 21, 1989.

D.F. Archer, F.C.A.,
Provincial Auditor.

RAPPORT DU VÉRIFICATEUR

À la Régie des alcools de l'Ontario et
au ministre de la Consommation et du Commerce

J'ai vérifié le bilan de la Régie des alcools de l'Ontario au 31 mars 1989, ainsi que l'état des recettes et des recettes non réparties pour l'exercice clos à cette date. Ma vérification a été effectuée conformément aux normes de vérification généralement reconnues et a comporté par conséquent les sondages et autres procédés que j'ai jugés nécessaires dans les circonstances.

À mon avis, les états financiers présentent fidèlement la situation financière de la Régie au 31 mars 1989 et le résultat de son exploitation pour l'exercice clos à cette date conformément à la convention comptable décrite à la note 1 afférente aux états financiers, appliquée de la même manière qu'au cours de l'exercice précédent.

Toronto, Ontario
Le 21 juillet 1989

Vérificateur provincial
D. F. Archer, F.C.A.

NOTES AFFÉRENTES AUX ÉTATS FINANCIERS

RÉGIE DES ALCOOLS DE L'ONTARIO

Notes afférentes aux états financiers de l'exercice clos le 31 mars 1989

1. PRINCIPALE CONVENTION COMPTABLE

Les états financiers de la Régie sont préparés selon les conventions comptables généralement reconnues, sauf en ce qui concerne les immobilisations qui sont radiées des dépenses d'exploitation dès leur acquisition.

2. ASSURANCES

La Régie a comme politique d'auto-assurer ses magasins contre les dommages à la propriété qui peuvent être causés par les incendies, l'eau, le vandalisme ou le vol. Tous les autres biens importants sont assurés auprès de compagnies d'assurances.

3. ENGAGEMENTS DE LOCATION

La Régie s'est engagée par contrat de location-exploitation à louer des locaux dont les versements minimaux de loyer sont établis de la façon suivante :

1990	18 973
1991	16 887
1992	14 820
1993	11 806
1994	8 758
Par la suite	22 401
	93 645

4. RÉGIME DE RETRAITE

La Régie assure des prestations de retraite à presque tous ses employés permanents par sa participation à la Caisse de retraite des fonctionnaires et au Fonds d'indexation des pensions de retraite mis sur pied par la province de l'Ontario. Les cotisations de la Régie à ces caisses au cours de l'exercice se sont élevées à 7 905 895 \$ (7 604 963 \$ en 1988). Cette somme représente l'engagement total de la Régie.

5. CHIFFRES DE L'EXERCICE PRÉCÉDENT

Les chiffres de l'exercice précédent ont été retraités, au besoin, pour les rendre conformes à ceux de 1989.

BILAN

RÉGIE DES ALCOLS DE L'ONTARIO

Bilan

au 31 mars 1989

Actif

(milliers \$)	(milliers \$)
1988	1989
Actif à court terme	
Encaisse	108
Comptes clients, clientèle commerciale et autres	2 290
Stocks, au prix coûtant	1 74 977
Frais payés d'avance	2 025
	1 677
181 835	
9 392	
192 904	

Passif et recettes non réparties

Passif à court terme	
Découvert bancaire	45 370
Comptes fournisseurs et frais courus	101 111
	84 790
Recettes non réparties	78 289
	62 844
	179 400
	192 904

Voir les notes afférentes aux états financiers.

Approuvé par :

Le Président du conseil

Le Vice président,
Finances et administration

ÉTATS FINANCIERS



Depuis leur lancement en 1985, les magasins Vintages ont recueilli la
fidélité nationale. Ils ont ainsi été cités dans des revues spécialisées.

VERSEMENT DES RECETTES

Les droits prélevés sur les boissons alcoolisées vendues en Ontario au cours de l'exercice représentaient un montant de plus de 1,3 milliard de dollars, qui a été versé au trésorier de l'Ontario, tandis que la fraction des recettes versée au gouvernement du Canada s'est élevée à un peu plus de 764 millions de dollars. Ces montants ne comprennent pas l'impôt sur les sociétés, l'impôt foncier ni la taxe d'affaire payée par les distillateurs, les fabricants de vin, les fabricants de bière et les titulaires de permis. Le montant de la taxe de vente au détail de l'Ontario applicable à la vente des boissons alcoolisées recueilli par les titulaires de permis et les magasins-agences n'est pas plus compris dans les chiffres présentés ci-dessous.

Le sommaire du versement des recettes est le suivant :

TRÉSORIER DE L'ONTARIO		(milliers \$)	(milliers \$)
Versé par la Régie des alcools de l'Ontario	– en acompte sur le profit	645 000 \$	
	– taxe de vente au détail de l'Ontario	188 774	
	provenant des magasins de la RAO		833 774 \$
Versé par la Commission des permis de vente d'alcool de l'Ontario	– en acompte sur les droits et permis payés par les titulaires	399 123	
	Versé par d'autres		
	– taxe de vente au détail de l'Ontario		
provenant des magasins Brewers' Retail et des magasins de vin		152 501	1 385 398 \$

RECEVEUR GÉNÉRAL DU CANADA

Versé par la Régie des alcools de l'Ontario	– droits de douane et taxe d'accise	306 095	
	– taxe de vente fédérale sur les spiritueux, le vin et la bière importées	99 715	
	Versé par d'autres		405 810
Versé par la Régie des alcools de l'Ontario	– droits sur le malt et taxes sur la bière et le vin canadiens	358 559	
			764 369

MUNICIPALITÉS DE L'ONTARIO

Versé par la Régie des alcools de l'Ontario	– subventions tenant lieu d'impôt foncier et de taxe d'affaires	4 812	
			2 154 579

en millions
de litres

201

175

150

125

100

75

50

25

0

Spiritueux canadiens

Spiritueux importés

VENTES EN LITRES

Pourcentage du total des
ventes par catégories de
produits
1984 - 1985 à 1988 - 1989

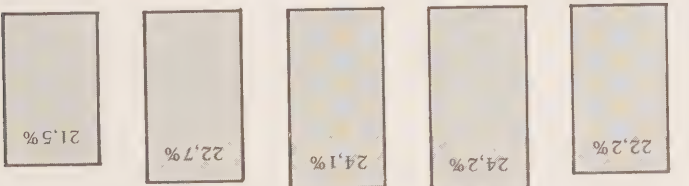
1984-85 1985-86 1986-87 1987-88 1988-89

27,6% 26,7% 27,3% 27,3% 27,1%



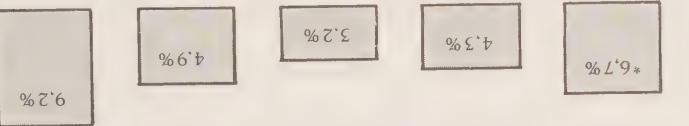
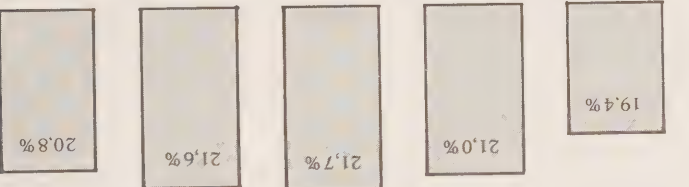
Vin canadien

Vin importé



Bière canadienne

Bière importée



*L'accroissement des ventes de bière importée est attribuable au
conflit de travail qui a paralysé les plus importants de
bière en Ontario pendant le mois de mars 1985.



Mike Nehau, préposé à l'entreposage, au travail dans le centre de distribution de Toronto.

	Exercice clos le 31 mars 1989	Exercice clos le 31 mars 1988	
Augmentation (diminution)			(milliers \$)

VENTES EN LITRES

Ventes des magasins de la RAO	(milliers \$)	(milliers \$)	(milliers \$)
Spiritueux canadiens	54 597	54 470	127
Spiritueux importés	12 630	12 690	(60)
* Vin canadien	30 457	34 054	(3 597)
Vin importé	44 922	45 197	(275)
Bière canadienne	42 011	43 049	(1 038)
Bière importée	18 547	9 711	8 836
Ventes totales des magasins de la RAO	203 164	199 171	3 993
Ventes des fabricants et des magasins de vin de l'Ontario	9 362	10 595	(1 233)
Ventes des fabricants de bière et des magasins Brewers' Retail	776 011	788 805	(12 794)
* Comprend le total des ventes de vin ontarien, qui s'est élevé à 30 242 000 litres pour l'exercice clos le 31 mars 1989, contre 33 847 000 litres pour l'exercice précédent.			

en milliards
de dollars

1,92 \$

Pourcentage du
total des ventes
par catégories de
produits 1984 - 1985
à 1988 - 1989

1,75

1,50

1,25

1,00

0,75

0,50

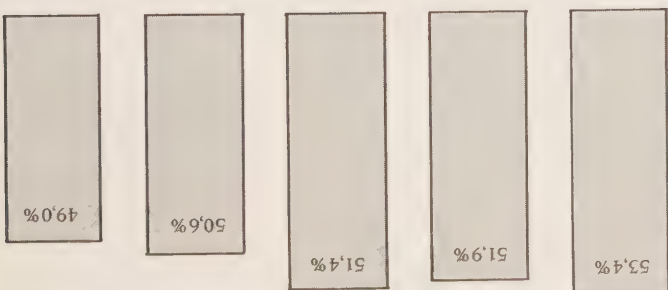
0,25

0

MONTANT DES VENTES

1984-85 1985-86 1986-87 1987-88 1988-89

Spiritueux canadiens



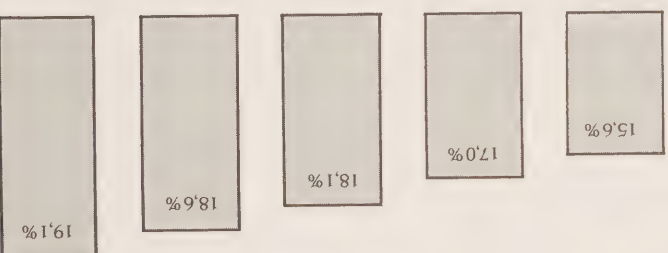
Spiritueux importés



Vin canadien



Vin importé



Bière canadienne



Bière importée



*L'accroissement des ventes de bière importée est attribuable au conflit de travail qui a paralysé les plus importants fabricants de bière en Ontario pendant le mois de mars 1985.

VENTES

Pendant l'exercice clos le 31 mars 1989, le montant total des ventes de spiritueux, de vin et de bière s'est élevé à 1 922 521 000 \$.

De ce montant, 308 633 000 \$, soit 16,1 %, représentent le montant des ventes aux établissements autorisés. Le montant des ventes de vin ontarien vendu directement au client par les magasins de vin autorisés et par les fabricants de vin s'est élevé à 49 141 000 \$. Le montant net des ventes de bière en Ontario réalisées par les fabricants et par les magasins Brewers' Retail, déduction faite du coût des contenants, s'est élevé à 1 661 419 000 \$.

Le tableau suivant illustre l'augmentation des ventes pendant le dernier exercice comparativement au précédent.

MONTANT DES VENTES			
	Exercice clos le 31 mars	Exercice clos le 31 mars	
	1989	1988	(augmentation / diminution)

Ventes des magasins de la RAO			
	(milliers \$)	(milliers \$)	(milliers \$)
Spiritueux canadiens	941 012	940 915	97
Spiritueux importés	300 675	289 846	10 829
* Vin canadien	161 712	162 629	(917)
Vin importé	367 652	345 303	22 349
Bière canadienne	108 027	100 574	7 453
Bière importée	43 443	20 862	22 581
Total des ventes des magasins de la RAO	1 922 521	1 860 129	62 392
Ventes des fabricants et des magasins de vin de l'Ontario	49 141	48 151	990
Ventes des fabricants de bière et des magasins Brewers' Retail (déduction faite du coût des contenants)	1 661 419	1 542 844	118 575

* Comprend le montant des ventes de vin ontarien, qui s'est élevé à 160 276 000 \$ pour l'exercice clos le 31 mars 1989, contre 161 552 000 \$ durant l'exercice précédent.

RÉPARTITION DES RECETTES DE LA VENTE AU DÉTAIL

Exemples au 31 mars 1989

Spiritueux canadiens	(26,4 oz)	1,78 \$	2,01 \$
Spiritueux importés	bouteille de 750 mL	7,89	9,09
		1,06	1,14
		3,22	3,24
		2,70	3,27
		16,65 \$	18,75 \$

SPIRITUEUX

Au fournisseur	2,70 \$	3,27 \$
Au gouvernement fédéral	4,28	4,38
Au gouvernement provincial	9,67	11,10
	16,65 \$	18,75 \$

SOMMAIRE

RÉPARTITION DES RECETTES DE LA VENTE AU DÉTAIL

Exemples au 31 mars 1989

Vin de table	(35,2 oz)	0,67 \$	0,82 \$
Vin de table de l'Ontario	bouteille de 1 L	1,78	3,79
		0,58	0,42
		0,45	0,49
		2,77	2,13
		6,25 \$	7,65 \$

VINS

Au fournisseur	2,77 \$	2,13 \$
Au gouvernement fédéral	1,03	0,91
Au gouvernement provincial	2,45	4,61
	6,25 \$	7,65 \$

SOMMAIRE



Rani Persaud et Jacqueline Henry (assise), employées de la Division des finances et de l'administration.

SITUATION FINANCIÈRE

1987	(milliers \$)	1988	(milliers \$)	1989	(milliers \$)
1 775 296	Ventes et autres recettes	1 867 684		1 930 319	
7,3	Pourcentage d'augmentation par rapport à l'exercice précédent	5,2		3,5	
(milliers \$)		(milliers \$)		(milliers \$)	
222 026	Dépenses d'exploitation	245 662		263 680	
12,5	Pourcentage des dépenses par rapport aux ventes	13,2		13,6	
(milliers \$)		(milliers \$)		(milliers \$)	
637 194	Recettes nettes	641 027		660 445	
35,9	Pourcentage des recettes par rapport aux ventes	34,3		34,2	
558	Nombre de magasins libre-service	585		607	
617	Nombre total de magasins	623		626	
3 348	Nombre d'employés permanents	3 460		3 396	
2 988	Nombre de produits offerts régulièrement	2 814		2 974	



Le personnel de la Division des finances et de l'administration est composé de (de g. à dr.) Joan Chapman, David Pratt, Peter Mokry (assis), Serena Segueira (debout) et Rosemary LeClair.

ANALYSE DES RECETTES ET DES DÉPENSES 1988-1989

RECETTES	(milliers \$)	% du total
Ventes	1 922 521	90,7
Taxe de vente	188 774	8,9
Droits et autres	7 798	0,4
Total	2 119 093	100,0

DÉPENSES		
Profit net	660 445	31,2
Fournitures	556 580	26,3
Receveur général du gouvernement du Canada	405 810	19,2
Taxe de vente au détail	188 774	8,9
Marketing et magasins de vente au détail	187 955	8,8
Transport	43 804	2,1
Frais d'administration *	29 456	1,4
Entreposage	26 009	1,2
Immobilisations	15 448	0,7
Municipalité	4 812	0,2
Total	2 119 093	100,0

* La rémunération totale versée aux membres du conseil d'administration de la Régie en 1989 s'est élevée à 95 438 \$.

RÉSULTATS FINANCIERS



Nos experts en vins évaluent constamment nos produits et offrent un service précieux à nos clients dans les magasins dotés de rayons Vintages. On voit ici Stephan Kusinski et Edward Finslein.

OFFERTS PAR LA RAO

PRODUITS CANADIENS

Au 31 mars 1989

Au 31 mars 1988

Whisky canadien	161	163
Rhum canadien mélangé	119	120
Gin canadien	53	54
Vodka canadienne	77	73
Brandy canadien	6	6
Brandy canadien mélangé	17	17
Coolers aux spiritueux	41	17
Alcool	6	6
Eau-de-vie aux fruits	6	6
Boissons alcoolisées diverses	11	15
Liqueurs canadiennes	137	135
Vin de l'Ontario	632	602
Coolers au vin de l'Ontario	60	55
Autres vins canadiens	1	1
Cidre canadien	11	15
Bière canadienne (y compris Coolers à la bière)	271	250
Bouteilles miniatures	33	44
Liqueurs amers	2	2
1 644		1 581

PRODUITS IMPORTÉS

Au 31 mars 1989

Au 31 mars 1988

Whisky - écossais	90	89
- irlandais	5	5
- Bourbon	2	2
- Tennessee	4	4
- Kentucky	1	1
- américain	-	-
Gin	12	13
Rhum	13	14
Vodka	23	16
Tequila	7	7
Brandy	73	71
Eau-de-vie aux fruits	4	3
Boissons alcoolisées diverses	38	24
Liqueurs	68	63
Vin	904	815
Cidre	1	1
Bière et sake	47	45
Bouteilles miniatures	20	52
Liqueurs amers	18	8
1 330		1 233
Nombre de produits offerts régulièrement	2 974	2 814
Vins et spiritueux rares	738	730
Produits hors taxe	92	87
Nombre total de produits offerts	3 804	3 631

VENTES DES FABRICANTS DE VIN

AUX AUTRES PROVINCES ET PAYS

(En milliers de litres)	1989	1988	1987	1986	1985
Ventes aux autres provinces	2 746	6 341	4 650	5 376	5 886
Ventes à l'exportation	118	141	127	173	262
	2 864	6 482	4 777	5 549	6 148

Le tonnage du raisin et des pommes de l'Ontario utilisés par les différents fabricants de vin ontarien au cours des cinq dernières années est le suivant :

	1989	1988	1987	1986	1985
Raisin utilisé pour fabriquer le vin	24 372	33 242	30 970	33 850	29 546
Raisin utilisé pour fabriquer le concentré	1 730	4 910	4 140	5 315	3 724
Pommes utilisées pour fabriquer le cidre	487	632	832	840	464
	26 589	38 784	35 942	40 005	33 734

Les quantités suivantes de vin (en gallons) ont été importées pour réaliser les mélanges conformément aux dispositions de la Loi de 1976 sur le contenu du vin.

	1989	1988	1987	1986	1985
	820 306	859 871	561 432	855 961	392 518

MAGASINS-AGENCES

Au 31 mars 1989, la Régie exploitait 70 magasins-agences.

VENTES DES FABRICANTS DE BIÈRE

AUX AUTRES PROVINCES ET PAYS

(en milliers de litres)		1989	1988	1987	1986	1985
Ventes aux autres provinces	6 371	2 812	3 031	17 619	11 326	
Ventes à l'exportation	139 538	123 363	119 175	140 811	116 875	
	145 909	126 175	122 206	158 430	128 201	

Cinq nouvelles petites brasseries ont ouvert leurs portes au cours de l'exercice, à savoir :

Le 8 juillet 1988	Halton County Brewery	2187, promenade Dunwin, Mississauga
Le 13 juillet 1988	Sculier Brewing Company	227, chemin Bunting, St. Catharines
Le 15 juillet 1988	The Steeman Brewing & Malting Co. Ltd.	551, chemin Clare ouest, Guelph
Le 21 novembre 1988	Wheatley Brewery	5, chemin Frase, Wheatley
Le 11 janvier 1989	The Northern Algonquin Brewing Company Limited	1, allée Old Brewery, Formosa

À la fin de l'exercice, il y avait 32 fabricants de bière (dont 15 petites brasseries) autorisés à vendre de la bière en Ontario. Cinq magasins Brewers ont également ouvert leurs portes au cours de l'exercice. Au 31 mars 1989, on comptait 467 magasins Brewers en Ontario.

FABRICANTS DE VIN ET MAGASINS DE VENTE DE VIN AU DÉTAIL

Au 31 mars 1989, il y avait 19 fabricants de vin en Ontario. Un nouveau fabricant de vin a obtenu un permis de vente de vin de l'Ontario. Il s'agit de :

Le 18 août 1988 De Sousa Cellars Corporation, Beamsville

Un fabricant de vin, à savoir Paul Masson & Company Limited, de Beamsville, a fermé ses portes le 1er janvier 1989 et Barnes Wines Limited, de St. Catharines, a été vendue à Chateau-Gai Wines Limited, de Niagara Falls, le 19 août 1989.

Au cours de l'exercice, le nombre des magasins de vente au détail a augmenté de huit, ce qui donne un total de 220 magasins de vin (156 magasins ordinaires et 64 "mini-magasins") dans toute la province au 31 mars 1989.

DONNÉES DU MARCHÉ



Stephan Kusinski, Edward Finslein, Elizabeth Maldaver et Mike Thurner, oenologues-conseils, dans le laboratoire de contrôle de la qualité.

«L'étude permettra à la RAO d'élaborer un plan stratégique susceptible de faciliter la gestion de ses ressources informatiques et de son investissement dans la technologie»

En 1988, la Division de l'informatique a poursuivi l'information de la RAO en étudiant les systèmes perfectionnés et économiques, susceptibles d'améliorer son efficacité sur le plan de l'administration et de l'exploitation.

À ce titre, elle a entrepris une étude de la gestion des ressources. Cette étude permettra à la RAO d'élaborer un plan stratégique susceptible de faciliter la gestion de ses ressources informatiques et de son investissement dans la technologie. L'étude sera terminée au cours de l'été de 1989.

La division a aussi mené à bien la mise en place du système de soutien du projet de point de vente. (Ce projet est un système informatisé de caisses enregistreuse qui reliera cha-



Linda Dal-Den initie Jill Nicholson, commis du magasin de Sault-Sainte-Marie, au nouveau système Point de vente.

que magasin au processeur central.) Pour ce faire, la division a amélioré le logiciel du processeur central et converti les logiciels du siège social susceptibles de traiter les renseignements provenant du système de point de vente. La division a aussi décidé de se doter d'une méthodologie uniforme qu'elle pourra dorénavant utiliser dans l'élaboration de tous ses systèmes de renseignements. Grâce à cette méthodologie, elle pourra faire en sorte que tous les nouveaux systèmes soient économiques et conformes aux besoins commerciaux de la Régie.

La division a mis en oeuvre la première étape d'un nouveau système capable de saisir les renseignements sur les clients, d'automatiser la passation des commandes et de produire les bons de commande requis par le service des commandes privées. Ce nouveau système permettra, entre autres avantages, de réduire la paperasserie, de produire des rapports plus précis et d'améliorer le service à la clientèle.

La division a aussi amélioré les services offerts par le centre de données. Dans le but de réduire les délais de livraison des ordinateurs personnels, elle a conclu une convention permanente d'achat de micro-ordinateurs. Elle a aussi lancé un programme de prêt d'ordinateurs personnels, qui réduira les frais de location de matériel. Enfin, dans le but d'améliorer et de rationaliser la prestation de ses services, elle a créé le poste de coordonnateur des systèmes. Le titulaire de ce poste constituera l'unique personne-ressource à laquelle les divisions clientes pourront facilement s'adresser pour trouver la réponse à toutes leurs questions en matière de service.

Grâce à ces mesures et à celles qu'elle envisage pour l'avenir, la division entend bien continuer à jouer son rôle essentiel de soutien des diverses divisions d'exploitation de la RAO.

renseignements plus pertinents en temps plus opportun au conseil d'administration et à la haute direction, elle a repensé l'ensemble des états financiers périodiques de l'entreprise. De plus, pour la première fois, elle a rédigé et publié des états financiers des magasins, qui permettront à la division de la vente au détail d'examiner le rendement de chaque magasin. La Division des finances et de l'administration a aussi pris en charge l'élaboration d'un plan financier quinquennal, de même que celle du plan de l'exercice 1988-1989. Ces deux plans ont grandement bénéficié de l'apport des divisions d'exploitation.

À la suite de l'amélioration des méthodes de gestion de l'encaisse, de l'extinction d'une partie de la dette et du resserrement des mesures de gestion des stocks, la division a pu réduire de 2,8 millions de dollars les frais d'emprunt de l'exercice. La division a aussi réussi à éteindre une grande partie de la dette de la Régie.

À d'autres égards, la division :
 * a mis sur pied une fonction distincte de trésorerie qui lui permet d'élaborer et d'administrer les méthodes de gestion de l'encaisse de la Régie, notamment en ce qui concerne les systèmes de change et de trésorerie;
 * a restructuré le service de la comptabilité pour faciliter la mise en place du système informatisé de point de vente dans les magasins. Cette mesure permettra aussi de préparer la mise en place ultérieure d'un nouveau système d'information financière;
 * a mis en place des systèmes permettant d'élaborer et de produire des rapports financiers par produit, lieu de vente, emplacement et catégorie de clients.

Au cours du prochain exercice, la Division des finances et de l'administration s'attardera à fournir des services efficaces aux divisions d'exploitation et de soutien de la RAO, ainsi qu'à sa haute direction et à ses responsables.

u cours d'un exercice caractérisé par l'amélioration du processus de prise de décisions stratégiques, la Division des finances et de l'administration s'est attachée à produire les renseignements cruciaux de nature financière dont la Régie a eu besoin pour procéder à ces changements. En 1988, la division a poursuivi l'élaboration et la mise en oeuvre des améliorations qu'elle avait déjà commencées à apporter au système d'information de gestion. Afin de procurer des



Les recettes totales de la RAO se sont élevées à 1 930 319 000 \$ au cours de l'exercice 1988-1989. La portion des recettes versée au trésorier de l'Ontario a été de 645 000 000 \$.

À la suite de l'amélioration des méthodes de gestion de l'encaisse, de l'extinction d'une partie de la dette et du resserment des mesures de gestion des stocks, la division a pu réduire de 2,8 millions de dollars les frais d'emprunt de l'exercice."

DIVISION DE LA DISTRIBUTION

Stuart Finlayson, préposé à l'entreposage, s'occupe de commandes dans le centre de distribution de Toronto.



a Division de la distribution dirige et gère tous les aspects de l'entreposage et du transport des produits de la RAO. Au premier plan des responsabilités de la division se trouvent donc les quatre entrepôts de distribution de la Régie, qui sont situés à London, à Ottawa, à Thunder Bay et à Whitby, ce dernier étant l'entrepôt principal de l'entreprise.

Vers la fin de l'exercice, la division a amorcé ce qui devrait être une mission aux répercussions des plus importantes, à savoir l'examen exhaustif de l'ensemble de son fonctionnement. Ce faisant, elle vise à trouver des moyens qui lui permettront d'améliorer encore davantage l'efficacité de son exploitation et de découvrir des solutions de rechange à ses méthodes actuelles.

Dans le cadre de cet examen, la division se penche en priorité sur les divers fournisseurs de services de transport avec lesquels la RAO fait affaire. Mentionnons entre autres le transport par mer, ainsi que les déplacements des

“La Division a aussi commencé à mettre en place un nouveau système informatique qui lui permettra d'améliorer les services qu'elle offre aux clients du service des commandes privées.”

produits entre les entrepôts, entre les entrepôts et les magasins et entre les entrepôts des fournisseurs et ceux de la RAO. Le but de cet exercice est de permettre à la division de trouver les transporteurs sous-traitants qui lui offriront ces services de la manière la plus efficace et la plus économique.

La division a aussi commencé à mettre en place un nouveau système informatique qui lui permettra d'améliorer les services qu'elle offre aux clients du service des commandes privées. (Ce service n'importe que les marques de vins et de spiritueux qui ne figurent pas au répertoire ordinaire de la RAO.) Ce nouveau système pourra recevoir et retracer toutes les commandes privées; on prévoit qu'il fonctionnera à plein rendement d'ici la fin de 1989.

Au cours du dernier exercice, la division a aussi mis en oeuvre un programme efficace de gestion des stocks, dont le fonctionnement harmonieux restera en tête de ses priorités en 1989.

DIVISION DES RESSOURCES HUMAINES

nos employés à trouver des moyens innovateurs et économiques d'améliorer le service à la clientèle de la Régie et son efficacité sur le plan de l'exploitation.

La création d'un milieu de travail sécuritaire est l'une des principales préoccupations de la RAO. À ce titre, la division des ressources humaines a produit, au cours du dernier exercice, un guide de renseignements à l'intention des employés sur les matières dangereuses en milieu de travail. Ce guide n'était qu'un des aspects d'un programme d'éducation plus complet, qui comprenait aussi des séminaires à l'intention des cadres.

À l'intention des employés qui approchent de l'âge de la retraite, la division a élaboré et offert un programme de pré-retraite qui se penche sur des questions comme la planification des finances et de la vie quotidienne dans le but d'encourager les employés à continuer d'avoir une vie productive au cours de leur retraite.

La Division des ressources humaines a aussi élaboré des mécanismes qui faciliteront la mise en oeuvre de deux importants programmes lancés récemment dans toute la fonction publique de l'Ontario. La division a en effet été responsable de la formation d'un comité mixte d'équité salariale et de l'élaboration d'une base de données sur l'équité d'emploi. La RAO a conclu une nouvelle convention collective d'une durée de deux ans sans avoir recours à l'arbitrage. Les points saillants de cette convention sont la mise sur pied de comités d'entreprises régionaux et l'adoption d'un système d'arbitrage qui facilitera le règlement équitable, économique et en temps opportun de nombreux griefs.

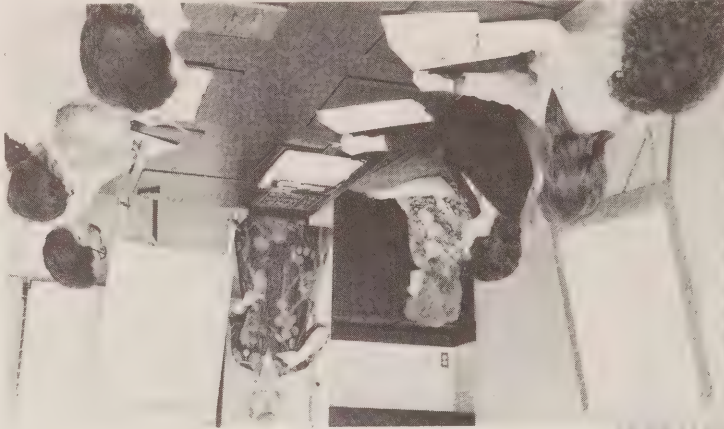
L'action de la division à tous ces égards au cours de 1988 a bien établi son engagement à faire preuve de dynamisme en matière de gestion des ressources humaines. La division est déterminée à respecter cet engagement à l'avenir et à offrir à la RAO des services efficaces, dynamiques et axés sur la clientèle.

La Division des ressources humaines élabore et offre des services et des programmes de grande qualité et économiques, qui visent tous à

permettre à l'entreprise et à ses quelque 6 500 employés de réussir dans un milieu axé sur la clientèle.

À cette fin, la division a, au cours du dernier exercice, élaboré le cours par correspondance sur la connaissance des produits, qu'elle a commencé à offrir à tous les employés des divisions de la vente au détail et de la distribution. Près de 1 000 employés ont déjà réussi le premier niveau de ce cours. Au cours de l'exercice, la division a aussi lancé un deuxième niveau dont plus de 600 employés préparent actuellement l'examen. Dans le but d'éveiller la conscience des employés des magasins à l'égard de la consommation responsable des boissons alcoolisées, la division a produit et présenté un vidéo interactif intitulé "Stratégies For Managing Age and Alcohol Related Troubles", qui illustre la façon dont le personnel des magasins peut réagir aux personnes en état d'ébriété ou aux adolescents qui n'ont pas l'âge d'acheter nos produits.

La division a aussi encouragé et reconnu les initiatives des employés en lançant un programme de suggestions des employés appelé "Innovateurs". Ce programme encourage tous



Le personnel de la Division des ressources humaines élabore un séminaire de formation. Isobel Gallagher préside la réunion, à laquelle assistent (dans le sens des aiguilles d'une montre autour de la table) Pierre Lebel, Margaret Stathokos, Sandy Rae, Wayne Zachar, Janet Naidu, Carole Ann Wilneff, Geoff Crane et Diane Bernas.

action de la
vision à tous
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ent à faire preuve
e dynamisme en
atière de gestion
es ressources
umaines."



u cours du dernier exercice, la Division de la commercialisation a mis en oeuvre un grand nombre des

plans stratégiques qu'elle avait élaborés au cours de sa première année d'existence. À la fin de l'exercice, les responsabilités de la Division de la commercialisation s'étendaient à tous les aspects du marketing. Cette évolution est essentielle si l'on veut que la RAO devienne une entreprise véritablement axée sur le marché.

La mesure qui a eu les plus grandes répercussions sur la division fut la mise en oeuvre de nouvelles lignes directrices en matière de gestion des produits. Tous les produits vendus par la RAO sont maintenant répartis en cinq catégories : les vins nord-américains, les vins importés, les spiritueux canadiens, les spiritueux importés et les autres produits. Chaque catégorie de produits relève d'un seul directeur, qui en est totalement responsable sur le plan du marketing.

La RAO a élaboré ces lignes directrices en collaboration avec ses fournisseurs et peut maintenant suivre une démarche conforme aux



La division de la commercialisation est maintenant responsable de tous les aspects du marketing. La direction de la division est composée de (de g. à dr.) Don Lawson, Denise War, Nancy Cardinal, Ken Locke, Anne Hartley, Bruce Haines (assis), Rick Wood, Susan Williams et Bob Downey.

“À la fin de l'exercice, les responsabilités de la Division de la commercialisation s'étendaient à tous les aspects du marketing.”

pratiques commerciales courantes en ce qui concerne le listage des boissons alcoolisées qu'elle vend. Les consommateurs pourront ainsi avoir un meilleur accès à une plus grande variété de produits tandis que les fournisseurs seront mieux en mesure de modifier l'éventail de leurs produits en fonction de l'évolution des préférences des consommateurs. Tandis que la RAO sera sûre, grâce aux directeurs de catégorie, d'acheter les bons produits, elle pourra, grâce à l'élargissement récent des responsabilités du directeur des promotions et des commissions visuelles, faire en sorte que ces produits soient présentes de la bonne façon et dans un cadre approprié. Le titulaire de ce poste sera responsable de l'émergence d'une image claire et uniforme dans tous les magasins de la RAO.

La mise à l'épreuve des produits fait partie intégrante du marketing; la division a donc commencé à assumer la pleine responsabilité de cet aspect de l'exploitation au cours du dernier exercice, lorsqu'elle a pris en charge le service d'assurance de la qualité. L'hiver dernier, le laboratoire de contrôle de la qualité a emménagé dans de nouveaux locaux ayant coûté 1,7 million de dollars, où les techniciens peuvent soumettre plus de 150 échantillons à près de 20 épreuves différentes chaque semaine. C'est là que, au moins une fois par année, la Régie soumet à des épreuves rigoureuses les échantillons de chacun des quelque 3.000 produits qu'elle offre sur le marché.

La division a aussi reçu, au cours du dernier exercice, la responsabilité d'acheter les produits Vinages. Il s'agit là d'une décision aux conséquences stratégiques importantes. Dès la fin de 1988, la division de la commercialisation réunissait sous son aile l'ensemble des activités relatives à la mise à l'épreuve, à l'achat et à la mise en marché de tous les produits de la Régie.

DIVISION DE LA VENTE AU DÉTAIL

Au cours de l'exercice, la Division de la vente au détail a concrétisé l'impulsion croissante attachée par la RAO au service à la clientèle.

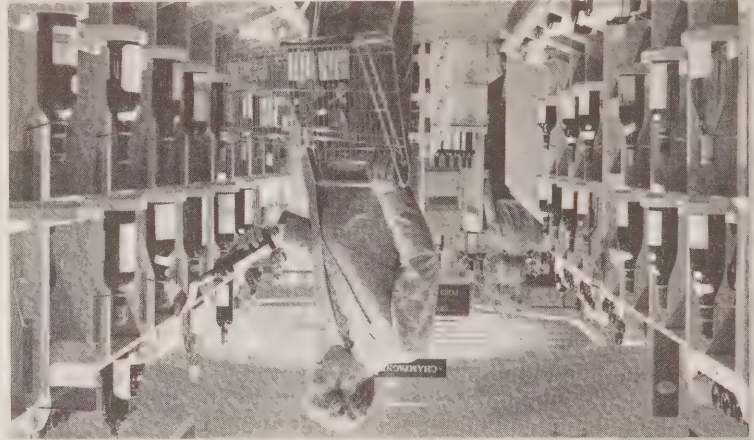
En collaboration avec la Direction des commu-

nications de la RAO, la division a lancé un bulletin trimestriel visant à mieux informer les consommateurs sur les produits de la Régie et sur la consommation responsable, d'un point de vue social, des boissons alcoolisées.

«Actualités RAO» contient, entre autres articles d'information, des chroniques rédigées par des oenologues réputés et les recettes des cocktails les plus en demande. Cette publication riche en renseignements variés n'est disponible que dans les magasins de la RAO.

La division a aussi procédé à la mise en place d'un système informatisé de caisses enregistrees qui relie chaque magasin directement au processeur central du siège social. L'adoption de cette nouvelle technologie permettra de réduire la paperasserie et dotera la RAO d'un moyen rapide de suivre les tendances du marché et l'évolution de ses ventes. La division a mis ce système à l'essai dans un magasin pilote et prévoit d'en commencer la mise en place dans tout le réseau au cours du prochain exercice.

À la fin de l'exercice, la Régie a étendu son nouveau service InfoRégie à toute la province.



Les magasins Vintages, comme celui de North York, illustrent ici, offrent une grande variété d'excellents vins canadiens et importés.

Exploité par la Direction des communications, ce service bilingue met à la disposition des consommateurs, au moyen d'un numéro de téléphone sans frais, des renseignements sur les produits et les services offerts par les magasins de la RAO. La Régie a aussi donné une plus grande envergure à deux autres programmes prometteurs. Les magasins ordinaires ont commencé à tenir des dégustations qui permettent aux clients de faire l'essai des produits avant de les acheter. Jusqu'à présent, ces dégustations ne se tenaient que dans les magasins ayant une section Vintages. Par ailleurs, la Régie a doté 42 autres magasins d'appareils servant à refroidir le vin, qui avaient reçu la faveur des clients dans les quelques magasins où on pouvait les trouver auparavant.

La RAO a annoncé la mise à l'essai de deux programmes en 1988. Le premier, le Programme des magasins-agences, existait déjà depuis 25 ans dans les régions éloignées du Nord de l'Ontario; on le mettra maintenant à l'essai dans dix petites villes et villages du centre et du sud-est de la province. On trouvera ces petits magasins-agences dans les commerces de détail existants; grâce à eux, la RAO pourra offrir ses services dans les régions dont la population est trop faible pour justifier l'ouverture d'un de ses magasins ordinaires. Les premiers magasins-agences ouvriront en 1989 et la RAO suivra de près les réactions de la clientèle.

Le projet qui représente le mieux la nouvelle démarche de la RAO en matière de vente au détail est sans contredit le magasin Crossroads. D'une superficie de 17 000 pieds carrés, cet établissement sera deux fois plus grand que le magasin moyen de la RAO. Il permettra d'offrir aux clients de la Régie un éventail de produits et de services plus vaste et plus diversifié que celui de tout autre magasin de la RAO. La Division de la vente au détail est à l'avant-garde des transformations que connaît la RAO. En 1989-1990, elle entend bien offrir aux clients de la Régie un service amélioré dans un cadre dynamique et au goût du jour.

RAPPORTS DES DIVISIONS



Nadine Sallj, technicienne du laboratoire de contrôle de la qualité.

RAPPORT DU VICE-PRÉSIDENT PRINCIPAL À L'EXPLOITATION

Certains de ces services sont déjà à l'étape de la planification en ce qui concerne le magasin Crossroads. Ces plans donnent un avant-goût de l'avenir immédiat, qui marquera l'aube d'une nouvelle époque dans les méthodes de vente au détail de la RAO. Exposés sur les vins, démonstrations de cuisine, terminaux à écran de visualisation interactifs permettant aux clients de choisir le vin ou le spiritueux approprié, voilà quelques-uns seulement des nombreux services que nous offrons pour la première fois dans ce magasin.

Nous avons aussi commencé à généraliser la portée de nos programmes de dégustation en magasin et de refroidissement des vins. Ces programmes ont connu la faveur des clients lors de leur mise à l'essai dans certains magasins au cours du dernier exercice. Par ailleurs, nous avons mis l'accent sur la mise en oeuvre de notre programme de gestion des étagères, qui vise à accélérer le passage des produits des salles d'entreposage aux étagères.

La réussite de toute entreprise de vente au détail dépend de son engagement à offrir un service supérieur à sa clientèle. Nos réalisations du dernier exercice prouvent la détermination de la RAO à respecter cet engagement et j'entends bien faire ma part dans la consolidation des efforts faits dans ce sens au cours du prochain exercice.

Larry Gee

Le Vice-président principal à l'exploitation

L'exercice 1988-1989 a été l'un des plus marquants dans les efforts incessants que fait la RAO pour devenir une entreprise de vente au détail dynamique et axée sur le consommateur. Le fonctionnement de toutes nos divisions ne visait qu'un seul but : offrir le meilleur service possible à notre clientèle.

À cette fin, le conseil d'administration a apporté des changements importants à la structure de l'entreprise, en plus d'ajouter et d'étendre d'autres services à l'avantage des consommateurs. Un pas important dans ce sens a été la création du poste de directeur de catégorie. Cette décision découle des nouvelles lignes directrices du conseil d'administration en matière de gestion des produits : chacun des cinq directeurs de catégorie se voit dorénavant confier la responsabilité de tous les aspects de marketing d'une même catégorie de produits. Répétons-le, ces lignes directrices nous pourrions être sûrs d'avoir, sur nos étagères, les produits que les consommateurs veulent, quand ils les veulent.

Au cours du prochain exercice, les clients de la RAO pourront constater les résultats de plusieurs innovations fort utiles en matière de commercialisation. Ces améliorations sont rendues possibles par notre décision d'élargir les responsabilités du poste de directeur des promotions et des communications visuelles. Parmi les plus importantes de ces responsabilités, mentionnons la création d'un cadre attirant et dynamique pour nos divers magasins. En collaboration avec les fournisseurs, le titulaire de ce poste est aussi chargé d'élaborer des promotions en magasin pour divers produits et d'offrir de nouveaux services aux clients de certains magasins.

Le fonctionnement de toutes nos divisions ne visait qu'un seul but : offrir le meilleur service possible à notre clientèle.



RAPPORT DU VICE-PRÉSIDENT GÉNÉRAL

Le dernier exercice a été témoin de certaines réalisations importantes qui auront de grandes répercussions sur l'exploitation de la RAO

La première de ces réalisations est l'adoption et la mise en oeuvre d'un nouveau plan de

gestion stratégique. Inspiré des nouvelles orientations stratégiques tracées par le conseil d'administration, ce plan reconnaît que

l'aspect le plus important de notre exploitation est le réseau des 626 magasins de la RAO. La

réussite de l'entreprise dépendra de ce qui se produit dans ces magasins et de la manière

dont cela se produit. En conséquence, le plan cerné les grands principes qui guideront

l'exploitation de la RAO au cours de la prochaine période de trois à cinq ans. Tous les

employés pourrnt prendre connaissance de ce plan d'ici le milieu de 1989.

Les éléments principaux du plan sont la mise en oeuvre de la notion d'acheteur en chef dans

la gestion des produits et l'adoption de nouvelles lignes directrices, plus conformes aux pratiques commerciales courantes, en matière de

listage. Le plan stratégique poussera aussi la RAO à accorder une plus grande importance à

la qualité du service à la clientèle dans tous les aspects de son exploitation. L'assise de tous

ces changements, et leur principe unificateur, est l'obligation qu'a la RAO de continuer à

assumer ses responsabilités sociales à l'égard des boissons alcoolisées.

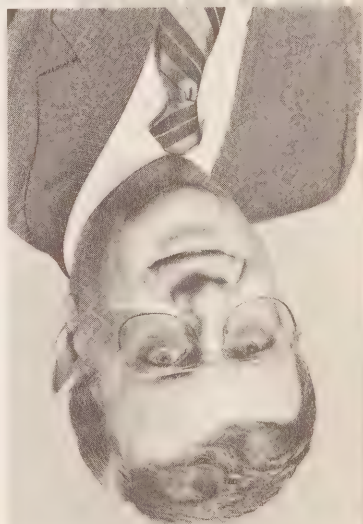
L'exercice 1988-1989 a aussi vu l'amélioration de nos rapports avec nos fournisseurs. À ce

titre, la mise sur pied d'un comité des relations avec les fournisseurs a constitué un

autre progrès non négligeable.

La Régie a aussi mené à bien les efforts, amorcés au cours de l'exercice antérieur, visant à

“Le défi que nous aurons à relever sera d'adapter la culture de notre organisme aux changements que nous devons mettre en oeuvre pour atteindre nos objectifs.”



Len Pitura

Len Pitura

Le Vice-président général

sur cette lancée.

Grâce à tous, l'exercice 1988-1989 a permis à la RAO de réaliser de grandes choses. Je suis certain que l'exercice 1989-1990 continuera

objectifs.

devons mettre en oeuvre pour atteindre nos notre organisme aux changements que nous

aurons à relever sera d'adapter la culture de dans la société en général. Le défi que nous

ces qui se manifestent dans notre secteur et alors que nous nous adapterons aux tendan-

conservant cet élan au cours des années à venir sur le plan de son exploitation. Nous devons

La RAO a connu un exercice marqué par des changements considérables, particulièrement

sur le plan de son exploitation. Nous devons conserver cet élan au cours des années à venir

La RAO a connu un exercice marqué par des changements considérables, particulièrement

sur le plan de son exploitation. Nous devons conserver cet élan au cours des années à venir

décidée au cours du dernier exercice bien plus que par la hausse des quantités vendues.

Cette nouvelle conjoncture force la RAO à rester une entreprise efficace et dynamique dans un marché traversé par des bouleversements profonds. La haute direction de la Régie s'est rendue à cette évidence en élaborant et en adoptant une nouvelle orientation stratégique au cours du dernier exercice. Les éléments

fondamentaux de cette nouvelle orientation sont le service à la clientèle, une plus grande efficacité et l'alignement des méthodes de gestion des produits sur les pratiques commerciales courantes. L'engagement profond du conseil d'administration à l'égard des responsabilités sociales de la RAO forme l'assise de cette nouvelle orientation.

Notre nouvel énoncé de mission illustre bien notre détermination à réussir:
"De façon socialement responsable et en s'orientant sur sa clientèle, la RAO sera le meilleur et le plus responsable détaillant de bois-sons alcoolisées et de services connexes."

Certaines de nos réalisations au cours de cet exercice sont la plus grande preuve de notre notre engagement à atteindre nos buts. Afin d'offrir les services de la RAO dans les régions qui ne pourraient justifier l'établissement d'un de ses magasins ordinaires, le conseil des ministres a approuvé la mise à l'essai de notre programme de magasins-agences dans dix régions rurales du centre et du sud-est de

l'Ontario. Ce programme n'existait jusque-là que dans le nord de la province. Par ailleurs, le conseil d'administration rendait public un projet ambitieux visant la construction et l'exploitation du plus grand et du plus perfectionné des 626 magasins de notre réseau. Le magasin Crossroads sera situé au nord-ouest de Toronto et ouvrira ses portes au printemps de 1989.

Nos propres méthodes administratives se sont vues remises en question en 1988-1989. En effet, c'est au cours de cet exercice que la Loi sur les services en français et la Loi sur l'accès à l'information sont entrées en vigueur. Les mesures que nous avons prises pour mettre ces importants textes de loi en application ont de nouveau prouvé notre capacité de réagir aux changements.

La RAO devra relever des défis importants au cours du prochain exercice. Elle ne réussira que si elle reste à l'écarte du marché et sait s'adapter à l'évolution des goûts et des préférences des consommateurs. L'ensemble des mesures prises par le conseil d'administration en 1988-1989 a constitué un pas dans la bonne direction et je me réjouis de la possibilité qui m'est donnée de participer à la poursuite de cette croissance.

Le Président du conseil

J.W. Ackroyd
J.W. Ackroyd

RAPPORT DU PRÉSIDENT DU CONSEIL



L'exercice 1988-1989 a été l'un des plus importants dans l'histoire de la RAO. Cette année marquée au sceau du changement et pleine de défis a vu l'annonce d'un réaménagement du marché des boissons alcoolisées.

L'événement le plus important du dernier exercice, et certainement celui qui a la plus grande portée historique, fut la signature de nouvelles conventions en matière de commerce international. Tant l'Accord de libre-échange avec les États-Unis que l'Accord général sur les tarifs douaniers et le commerce nous obligent à adopter de nouvelles méthodes d'établissement des prix des vins et des spiritueux. Cette situation accroîtra le jeu de la concurrence sur le marché et présentera de nouveaux défis aux viculteurs et aux fabricants de vin de l'Ontario. Le gouvernement fédéral et la province de l'Ontario ont lancé un important programme de soutien pour permettre à ces entreprises de rester compétitives.

Nous avons aussi adopté de nouvelles lignes directrices en matière de listage qui traiteront tous les fournisseurs exactement sur le même pied. Elaborées en collaboration avec les four-

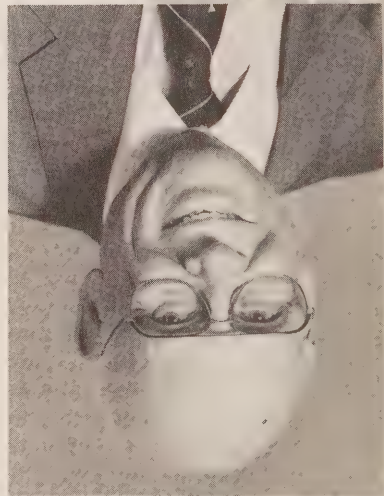
“La nouvelle conjoncture force la RAO à rester une entreprise efficace et dynamique dans un marché traversé par des bouleversements profonds.”

nisseurs, ces nouvelles lignes directrices se fondent sur le rendement des produits et sur un plan commercial soumis par les fournisseurs; les produits qui se vendent bien continueront de figurer au répertoire de la RAO tandis que ceux qui connaîtront des résultats médiocres pourront en être retirés.

Il n'y avait cependant rien de nouveau dans le troisième facteur qui a eu les plus grandes répercussions sur notre exploitation : pour la huitième année consécutive, les ventes de spiritueux ont accusé une baisse. Cette situation s'explique par l'évolution des préférences des consommateurs, qui abandonnent les produits traditionnels en faveur de nouvelles boissons plus proches du goût actuel.

Les conséquences de cette évolution sur notre exploitation sont les plus évidentes lorsque l'on examine nos résultats financiers. Notre chiffre d'affaires total s'est élevé à 1 930 319 000 \$ et la partie des recettes que nous avons versée au trésorier de l'Ontario, à 645 000 000 \$, soit, dans les deux cas, une augmentation par rapport à l'exercice précédent. Cette croissance s'explique cependant par l'augmentation des prix de détail

CONSEIL D'ADMINISTRATION



Jack Ackroyd,
président

Katy Driver-
Radhakrishnan,
professeure
de pédiatrie
à l'Université
de Toronto



John Fryer,
président national,
Syndicat national
de la fonction
publique
provinciale



Steven Stavro,
président de
Knob Hill
Farms Ltd.



Richard Sharpe,
chef de la
direction
de Sears
Canada Inc.

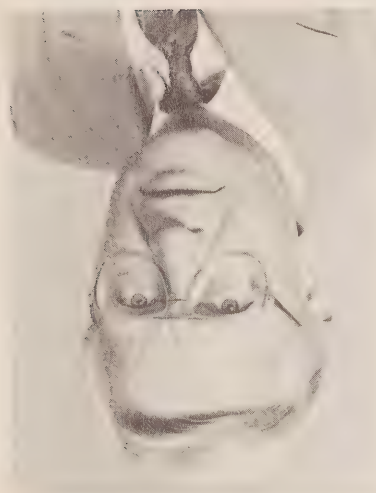


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MESSAGE DU PRÉSIDENT

L'honorable William Wrye

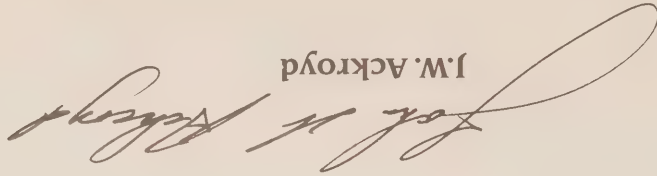
Ministre de la Consommation et du Commerce

Monsieur le Ministre,

J'ai l'honneur de soumettre à votre approbation le rapport annuel de 1988-1989 de la Régie des alcools de l'Ontario.

Veuillez agréer, Monsieur le Ministre, l'assurance de ma très haute considération.

Le président,


J.W. Ackroyd



Régie
des alcools
de l'Ontario

1988 ♦ 1989

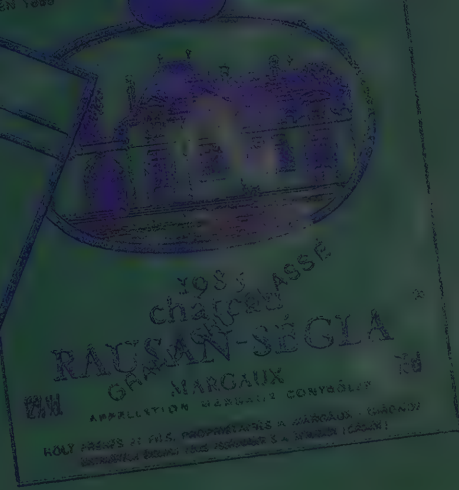
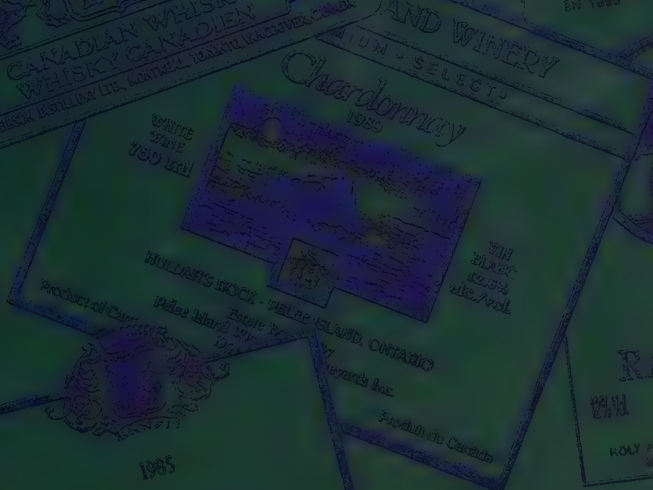
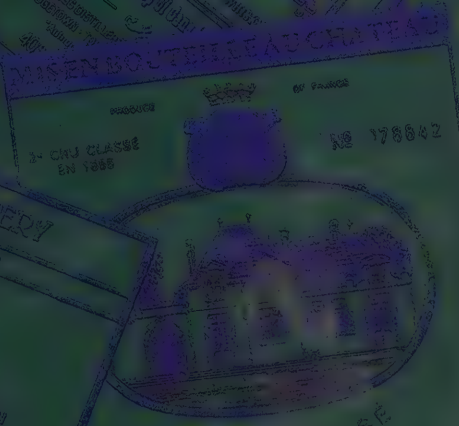
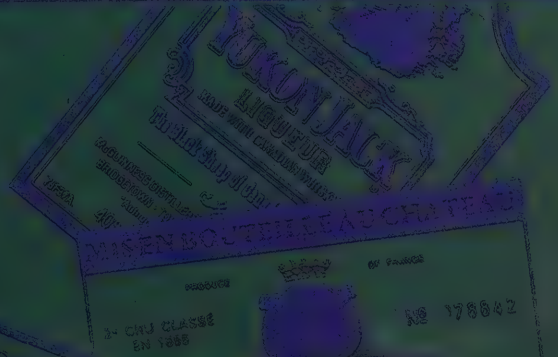
ANNUEL

RAPPORT

R.A.O.

LCBO Annual Report 1989-1990

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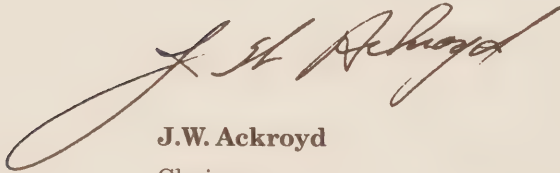
Liquor
Control Board
of Ontario

The Honourable Peter Kormos
Minister of Consumer and Commercial Relations

Sir:

I have the honour to submit for your approval the 1989/90 Annual
Report of the Liquor Control Board of Ontario.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "J.W. Ackroyd", with a large, sweeping flourish extending from the bottom left.

J.W. Ackroyd
Chairman

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Board of Directors



Jack Ackroyd
Chairman



Dr. Katy Driver-
Radhakrishnan
Professor of
Pediatrics
University
of Toronto



Lanfranco Amato
Business Consultant

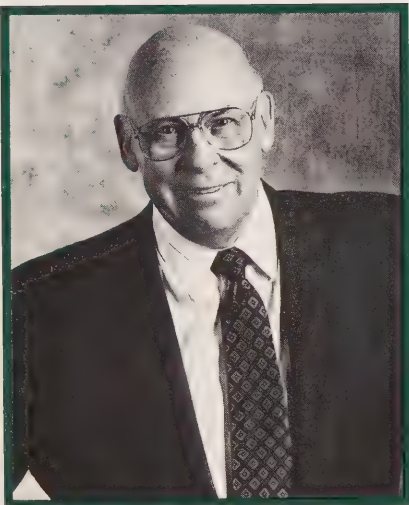


Richard Sharpe
Chief Executive
Officer
Chairman of the Board
Sears Canada Inc.



Steven Stavro
President
Knob Hill
Farms Ltd.

From the Chairman



Two years ago, the Board of Directors developed a strategic direction that would transform the LCBO from a distributor of beverage alcohol to a modern, customer oriented retail organization. I am pleased to report that last year we moved several steps closer to achieving that goal.

Throughout our organization, every initiative taken, and every innovation implemented, sharpened our focus on customer service. The opening of the

LCBO's largest store, Crossroads, the emergence of a visual communications department as a key player in store design, the expansion of existing services such as in-store tastings, and the creation of new ones such as an interactive computer to help consumers make more informed selections, marked important progress in the LCBO's continuing drive to become a market-driven retailer.

New technology also supported that drive. Installation began of point-of-sale and inventory management systems that will allow LCBO personnel to keep stores stocked with the products that consumers want when they want them.

Yet if the strategies that the Board adopted were new, the tactics were not. The moment any marketing plan was conceived, it was evaluated to ensure that it did not diminish the Board's commitment to social responsibility. In the years ahead, as the LCBO corporate culture continues to evolve, our determination to serve our customers in a socially responsible way will continue unchanged.

Total sales in fiscal 1989-90 were just under \$2 billion, with profits remitted to the Treasurer of Ontario of \$640 million. Both sales and profit showed little net change over the previous year's figures, the result of the flat market.

Last year operating costs reached almost 15% of total sales, increasing for the fifth consecutive year. This reality, combined with the downward trend in consumption, is forcing management to examine very carefully how the organization can remain financially responsible in the years ahead. Our commitment to customer service and social responsibility will be equalled by a parallel drive to remain cost effective.

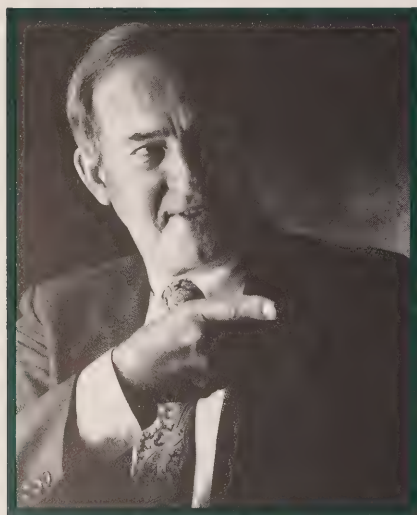
I am proud of our achievements this past year and would like to thank the Executive Vice- President, management and staff for their support in helping us meet our goals. I am confident that their dedication and enthusiasm will help us meet the other challenges of the new decade.

Sincerely,

A handwritten signature in dark ink, appearing to read "J.W. Ackroyd". The signature is fluid and cursive, with a large, sweeping initial "J".

J.W. Ackroyd
Chairman

From the Executive Vice-President



Harmony is an important factor in the success of a large retail organization. It means that all the human and physical factors in a store—from staff and signage, to fixtures and flooring—are working together to project a clear identity. Harmony creates a certain look, one that in turn creates confidence and a comfortable shopping environment for the consumer.

For much of its history, LCBO stores projected many different looks that competed and conflicted with each other. That began to change several years ago, when the Board of Directors adopted a Strategic Direction that had customer service as its centrepiece. In the future, every

improvement would be crafted to conform to a new, different and dynamic look. From their first glance of the exterior sign, to their personal treatment at the checkout—shoppers would have a pleasurable shopping experience. Everything would be in harmony.

Last year, significant steps were taken to achieve that goal. The Store Planning and Development Committee, and Promotions and Visual Communications, selected and developed new designs for display fixtures, flooring, lighting, interior and exterior signage.

In-store signs and point-of-purchase materials were standardized to create a clean, distinctive visual identity.

Almost 100 stores have been targeted to receive this new look in the year ahead.

These changes, however, were more than merely cosmetic. Throughout the province, a wider, more sophisticated range of services was made available to consumers. The customer service desk, tried in several stores a few years earlier, was expanded to others across the 623 store network. Special Occasion Permits were made available in over 100

additional stores, and the Idea Book, which had proven popular at Crossroads, was also placed in more stores. To inform and educate consumers, recipe cards that offered hints for matching food and wine were placed on shelves, while wine consultants hosted seminars on wines from around the world. And service became more professional, as more staff completed the second level of the Product Knowledge Course.

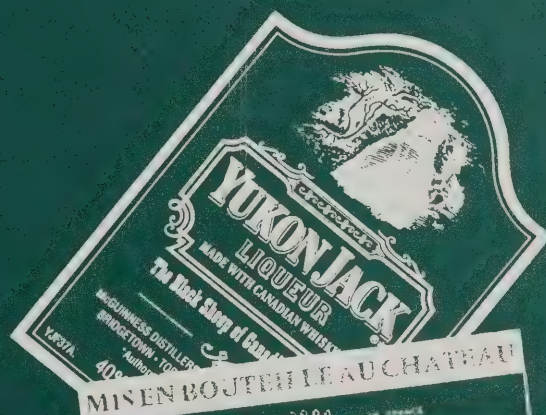
The goals that the Board has set for the years ahead are ambitious. I am confident that staff will help us achieve them, as they have done in the past. I look forward to working with them in the year ahead.

Sincerely,

A handwritten signature in dark ink, reading "Larry Gee". The signature is stylized with a large, flowing "L" and "G".

Larry Gee
Executive Vice-President

Wine and Spirits In The Nineties



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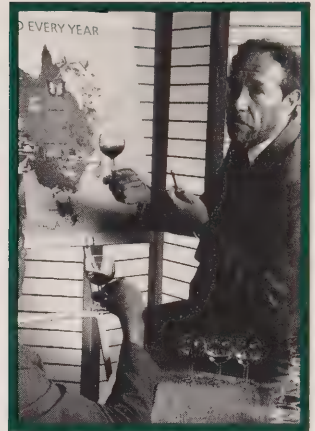


A Changing Market

In a year that marked the end of one decade and the beginning of another, a familiar reality characterized the wine and spirits market. For the ninth consecutive year, people in Ontario, like those across North America, consumed less alcohol than they had the previous year.

Changing lifestyles and demographics, and the success of educational programs on the proper uses of alcohol were the major reasons for the decline. Throughout Ontario, and North America, people adopted a healthier lifestyle.

This trend towards moderation was accompanied by the continuing shift in tastes from mainstays such as whiskey, vodka, gin and rum, to products with a lower alcohol content. Consumers also became more international in their tastes. For example, during 1989-90 at the LCBO, imported wines and spirits were two of the three product categories that showed sales increases over the previous year.



Education is an important feature of the LCBO's customer service program. At the Crossroads store, Wine Consultant Ed Finstein leads a seminar on Australian wines.

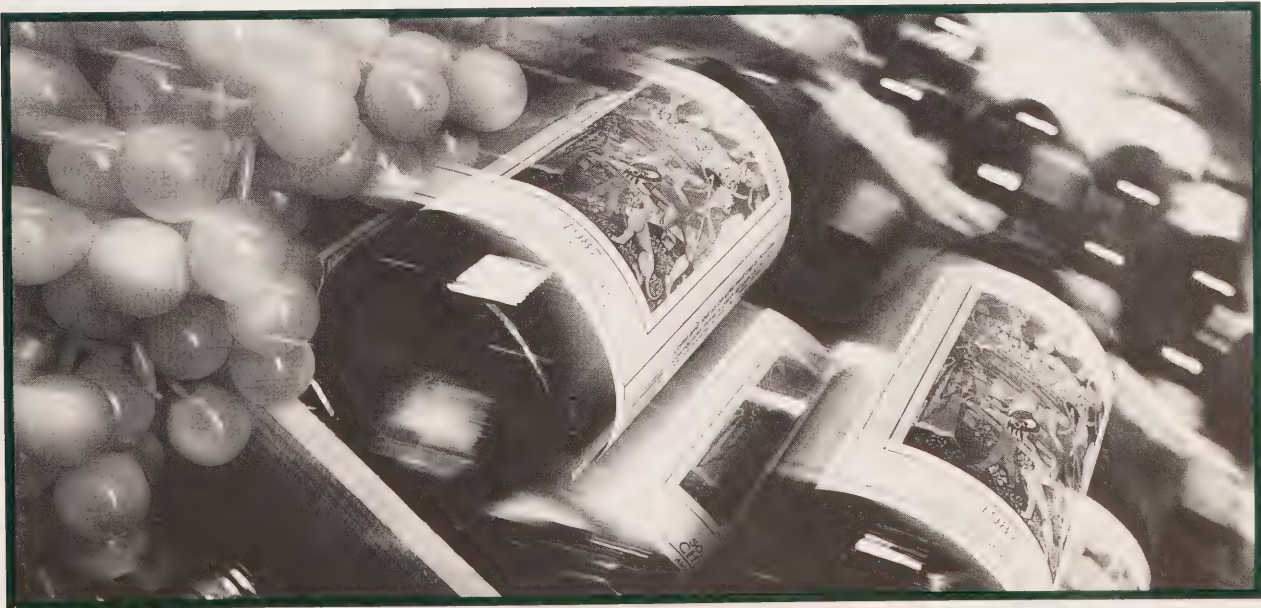
An ageing population also contributed to declining consumption, as did a slowing economy. However, a major reason for the decline was heartening and welcome - the demonstrated effect of public education programs on the responsible uses of alcohol. Awareness of alcohol abuse and the dangers of drinking and driving continued to rise in the public consciousness. Last year, "Serving Responsible Users with Responsible Uses" became one of the LCBO's key operating goals.

In this flat market, the pressure on producers, importers and retailers to compete was considerable. Or, at a time when consumer tastes were changing quickly, how did a retailer know whether the products and services they brought to the market this year, were what people would want next year? And, in a market that had apparently matured, what did a retailer do to maintain consumer loyalty and confidence? Moreover, how could a retailer respond to these market factors—in fact become market

driven—while it maintained its longstanding commitment to social responsibility?

To start with, the Board does not try to reverse downward trends in consumption. It can, however, try to better satisfy the demand that does exist—by offering consumers a mix of products and services that maximize choice, in dynamic, customer-friendly shopping environments. In 1989-90, the LCBO took significant steps to achieve this goal, and they are outlined on the pages that follow.

To offer consumers a mix of products and services that maximizes choice, in dynamic, customer-friendly shopping environments, is the LCBO's goal.



More Than Just a Liquor Store



Staff at customer service counters provide helpful advice on LCBO products and services. Above, Mary Kakarelis prepares a gift basket.

Tradition dies hard, especially in a large, long-established organization.

For most of its first 60 years, since its founding in 1927, the Liquor Control Board of Ontario was a distribution-driven organization that controlled the sale of alcoholic beverages. That it was a retailer, driven by the same forces as other retailers—customers and the marketplace, supply and demand—was largely incidental, perhaps even ignored.

In recent years that tradition has been broken. Two years ago for example, the Board of Directors developed a new Statement of Purpose. It said: “The LCBO, in a socially responsible manner, will be the best customer-focused and

profitable retailer of beverage alcohol and related services.” At the same time, the Board approved a Strategic Plan that had customer service as its focal point. Every human and physical resource within the board would be committed to delivering better service to the front line, where the customer shopped. The transformation of the LCBO into a market-driven organization had begun.

Last year that transformation moved closer to completion. On the shelf or sales floor, at the service counter or check-out, everything the Board did recognized that the customer comes first.



In-store tastings, like this one at the Queen's Quay store in Toronto, help shoppers make informed product selections.

The Nine Niches of the Nineties

What best exemplifies the focus on customer service is “The Nine Niches of the Nineties”, a strategy that targets new markets for LCBO products, and new ways of merchandising them. The strategy was designed to offer customers the products and services they want. The nine niches are: food matches; cooking ideas; gift giving; specialty niche products; product information; assortment /selection; trained, helpful staff; readiness for business, and shopping ambience.

Gift certificates help celebrate the season, or any special occasion.

They may be purchased from any LCBO outlet.



Underlying the new marketing opportunities is the LCBO's plan to position itself clearly and strongly in the mind of the consumer, and the marketplace. This becomes increasingly important as retailers compete even more for consumers' discretionary dollars. In 1989-90, by identifying and launching new initiatives such as the nine niches, the LCBO began to evolve towards becoming “More Than Just a Liquor Store.”



Educating consumers about cooking with wines and spirits is just one of the services that demonstrates the LCBO's social responsibility.



A Crossroads shopper discovers that an interactive computer has a range of helpful suggestions for matching food with wine.

“To merchandise to the right people for the right reasons”

The new strategy signalled the start of a new era in retailing and its most dramatic example was Crossroads, the LCBO's largest store, which opened early in the fiscal year in Toronto. At 17,000 square feet, it is three times as large as the average LCBO outlet. Everywhere there are conveniences that enhance shopping, to make it pleasurable, exciting and interesting: an interactive computer terminal to help shoppers match food and wine; lectures and demonstrations on cooking with wines and spirits; a customer service desk staffed by knowledgeable professionals; a learning resource centre that

shoppers can access to make informed buying decisions, and the widest selection of products available anywhere in Ontario.

Perhaps the most visible sign of the Board's break with tradition is the new look and feel of many of its stores. Last year, visual communications became an integral part of the LCBO's merchandising strategy. Comfortable and dynamic environments were created to encourage shoppers to browse. A corporate store signage policy was introduced to project a clean, consistent image. Case cards, shelf talkers, ceiling dangles, point-of-purchase material, floor and shelf





Crossroads, the LCBO's newest and largest store, offers the widest selection of products, in a comfortable, dynamic shopping environment.

displays were created, some in co-operation with suppliers. Visual communications will become even more important in the years ahead as the board and suppliers work together to create a more inviting store ambience.

In fiscal 1988-89, the board moved to group all products into five categories, and complete marketing responsibility for each was given to one category manager. The purpose: "To merchandise to the right people for the right reasons." Customers would now see on the shelves the products they wanted, when they wanted them. The final touches to the new system were put into place early this fiscal year. Each

manager established sales and profit performance targets for each category, and functions such as wholesale, research and information systems were centralized under their control.

Another indication of the Board's business-like approach was the Store Network Committee's adoption of a business case method to manage the 623 store network. Using demographic, market and financial research, the Committee identified the 100 top stores, targeting them for eventual renovation. It also took on responsibility for determining which stores would be expanded or modernized, which would close, and where new stores would open.

Store Information Systems

Store-wide installation of a computerized cash register and store information system also began late in the fiscal year. The new point of sale (POS) technology links individual stores with a mainframe computer at head office, and provides a state-of-the-art capability to monitor market and sales patterns. The system generates orders automatically, ensuring customers that the products they want are on the shelves, when they want them.

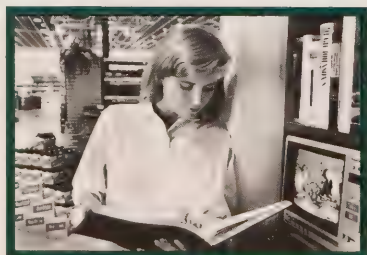
Some of the data fed into the POS system was gathered by the Marketing Research Department, whose own growth mirrored the Board's increasing sophistication. For example, the department developed a Store Information Database that contains demographic profiles of a store's trading area. It also conducted focus groups to determine the products, services and shopping environments customers want, and evaluated in-store merchandising programs and promotions.

As part of its growing emphasis on better customer service, the LCBO last year designated 115 stores in French-speaking areas to provide service in French. Signs, brochures, the newsletter, "LCBO Today", and the Infoline service all reflect the bilingual character of the LCBO. As well, a French Language Services Co-ordinator at head office continued to work towards improving the overall French language capability of the LCBO.



To make sure that customers see on the shelves the products they want, when they want them, new point-of-sale technology was installed at check-outs.

Information on a host of products, where and how they are made, is easily accessible to shoppers in the Resource Centre at Crossroads.



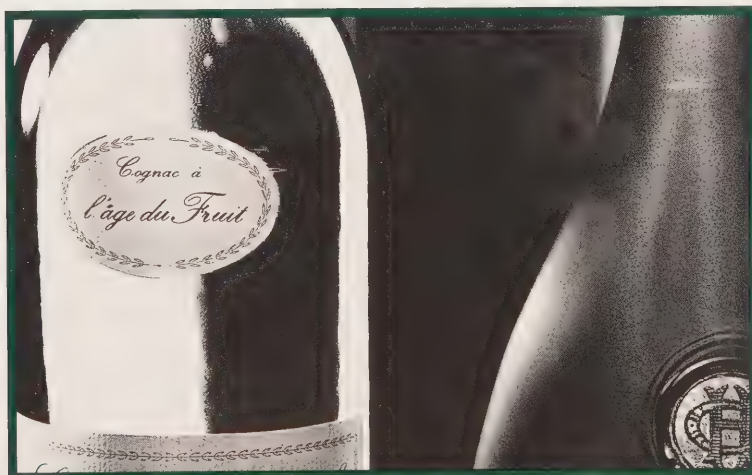
A customer focused, profitable retailer

While the LCBO's goal is to be a customer focused, profitable retailer, it strives to achieve that goal in a socially responsible way. That intention was formalized last year when the Board of Directors confirmed that operating a profitable retail organization is consistent with a strong commitment to social responsibility.

Numerous other initiatives reinforced the Board's move to a customer-driven organization. In-store tastings that allow customers to sample selected products were held in more stores; refrigerated display units and high-speed wine chillers were placed in more stores; and the frequency of LCBO Today, the colourful customer newsletter, was increased from four to six editions a year.

Next year the emphasis on customer service will grow even stronger. As consumption and demographic patterns change, LCBO stores will be even better positioned to satisfy changing customer needs and preferences, to provide products and services for the nineties.

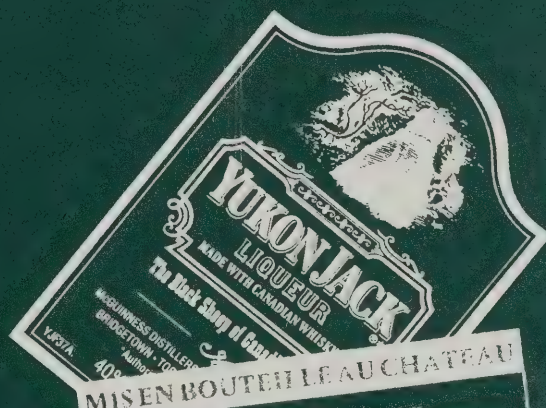
In the decade ahead, the LCBO's focus on customer service will become even sharper, as it positions stores to provide the products and services for the nineties.





The LCBO store in Collingwood, 1927,
the year the Board began operations.

Market Facts



Sales

Total sales of spirits, wine and beer by board stores during the fiscal year ended March 31, 1990 were \$1,994,246 thousand.

Of this total, \$308,761 thousand or 14.1% consisted of sales to licensed establishments. Sales of Ontario wine made directly to customers by licensed retail wine stores and wineries in Ontario amounted to \$49,701 thousand. The net value of beer sold in Ontario by breweries and Brewers' Retail outlets exclusive of the cost of containers totalled 1,711,028 thousand.

The following tables show increase/decrease in sales for the fiscal year under review as compared with the previous year's totals:

Sales in Dollars	Fiscal Year March 31/90	Fiscal Year March 31/89	Increase (Decrease)
Sales by Board Stores	(\$000)	(\$000)	(\$000)
Canadian Spirits	937,362	941,012	(3,650)
Imported Spirits	312,966	300,675	12,291
Canadian Wines	150,080	161,712	(11,632)
Imported Wines	385,041	367,652	17,389
Canadian Beers	102,652	108,027	(5,375)
Imported Beers	106,145	43,443	62,702
Total Sales by Board Stores	1,994,246	1,922,521	71,725
Sales by Ontario Wineries and Winery Stores	49,701	49,141	560
Sales by Breweries and Brewers' Retail Stores (exclusive of container value)	1,711,028	1,661,419	49,609

Sales by Litres	Fiscal Year March 31/90	Fiscal Year March 31/89	Increase (Decrease)
Sales by Board Stores	(000)	(000)	(000)
Canadian Spirits	51,039	54,597	(3,558)
Imported Spirits	12,827	12,630	197
Canadian Wines	26,002	30,457	(4,455)
Imported Wines	45,476	44,922	554
Canadian Beers	40,242	42,011	(1,769)
Imported Beers	48,358	18,547	29,811
Total Sales by Board Stores	223,944	203,164	20,780
Sales by Ontario Wineries and Winery Stores	8,573	9,362	(789)
Sales by Breweries and Brewers' Retail Stores	741,224	776,001	(34,777)

Percentage of Sales: Dollars

	1990	1986
Canadian Spirits	45.2%	51.9%
Imported Spirits	15.7%	16.2%
Canadian Wines	7.0%	8.4%
Imported Wines	19.3%	17.0%
Canadian Beer	5.1%	4.8%
Imported Beer	5.3%	0.9%
Spirit Coolers	1.8%	0.1%
Wine Coolers	0.6%	0.7%
	100%	100%

Percentage of Sales: Litres

	1990	1986
Canadian Spirits	19.3%	26.7%
Imported Spirits	5.7%	7.0%
Canadian Wines	10.1%	14.9%
Imported Wines	20.3%	24.2%
Canadian Beer	18.0%	21.0%
Imported Beer	21.6%	4.3%
Spirit Coolers	3.5%	0.1%
Wine Coolers	1.5%	1.8%
	100%	100%

Ontario Per Capita Consumption

Age 19 and Over	1990	1988	1985
Canadian Spirits	5.9* (-10.0%)	7.1 (-2.4%)	8.0 (-4.3%)
Imported Spirits	1.8 (-3.1%)	1.9 (-1.3%)	1.9 (-2.2%)
Canadian Wines	-3.1 (-14.0%)	4.0 (0.4%)	5.1 (-3.3%)
Imported Wines	6.2 (-3.4%)	6.6 (-0.5%)	6.4 (8.0%)
Canadian Beer	5.5 (-8.6%)	6.3 (5.3%)	5.6 (0.8%)
Imported Beer	6.6 (148.8%)	1.4 (61.2%)	1.9 (110.6%)**
Spirit Coolers	1.1 (-14.8%)	0.8 (240.9%)	—
Wine Coolers	0.5 (-40.3%)	1.0 (44.4%)	—

Bracketed figures are changes from previous year.

* litres

Source: LCBO Strategic Operations and Planning.

** a result of a domestic brewery dispute.

Spirits: The Market at a Glance

Canadian Spirits: 74.2%

Imported Spirits: 25.8%

Rank and Share of total LCBO Spirits Market	1990*	1989
1. Canadian Whisky	37.2%	37.7%
2. Canadian Rum	15.0%	14.6%
3. Canadian Vodka	12.8%	12.9%
4. Imported Scotch	7.4%	7.3%
5. Canadian Liqueurs	4.2%	5.1%
6. Imported Liqueurs	4.1%	3.9%
7. Canadian Dry Gin	3.6%	3.8%
8. Miscellaneous Imported Liqueurs	3.2%	2.9%
9. French Brandy	2.2%	2.1%
10. Imported Vodka	2.0%	1.5%

* Market share is expressed in litres

Best Sellers

Canadian Spirits: Category's share of total LCBO Market (litres): 19.3%

Category's share of total LCBO Spirits Market (litres): 77.1%

Brand (Previous year's rank in brackets)	Market Share of LCBO Category	Change*
1. Smirnoff Vodka (1)	7.8%	-3.1%
2. Bacardi White Rum (2)	7.0%	1.1%
3. Walkers Canadian Club (3)	6.0%	-1.2%
4. Walkers Special Old (4)	4.4%	-0.9%
5. Seagram Crown Royal (5)	3.9%	-2.4%
6. Alberta Premium Vodka (8)	2.6%	2.7%
7. Seagram Five Star 4-Year Old (6)	2.6%	-10.9%
8. Wisers Deluxe 10-Year Old (7)	2.5%	-4.0%
9. Schenley Golden Wedding (10)	2.3%	-2.9%
10. Gilbey's Black Velvet (9)	2.3%	-4.9%

*Percentage change is based on increase/decrease in litres sold over previous year.

Trends: The sales of domestic spirits, the LCBO's most significant product category, are forecasted to increase, but only marginally, over the next five years. The decline, which started in 1981, will slow considerably in 1991, especially when compared to the two previous years. As the population in the 35-year-old and over age group increases, so will sales. It is unlikely, however, that sales will reach pre-1990 volume.

Best Sellers

Imported Spirits: Category's share of total LCBO Market (litres): 5.7%
Category's share of total LCBO Spirits Market (litres): 22.9%

Brand (Previous year's rank in brackets)	Market Share of LCBO Category	Change*
1. Bailey's Original Irish Cream (1)	5.3%	2.9%
2. Kahlua Coffee (2)	5.1%	3.7%
3. Johnnie Walker Red Label (3)	4.5%	4.7%
4. Beefeater Gin (4)	4.2%	-3.8%
5. J&B Scotch (6)	3.3%	7.8%
6. Absolut Vodka (11)	3.1%	66.3%
7. Ballantine's Scotch (5)	3.1%	-2.8%
8. LCBO Extra Special Scotch (7)	2.8%	8.5%
9. Sauza Silver Tequila (9)	2.5%	3.5%
10. Grand Marnier (8)	2.4%	-1.5%

*Percentage change is based on increase/decrease in litres sold over previous year.

Trends: Sales of imported spirits are forecasted to decline slightly next year, but may improve in 1991-92, when the economy is expected to strengthen. The sale of "world" brands and premium products will likely continue to grow.



Wines: The Market at a Glance

Rank and Share of total LCBO Wine Market	1990*	1989
1. European	60.3%	59.7%
2. Canadian	33.3%	35.8%
3. United States	3.3%	1.9%
4. Far Country (Australia, New Zealand)	2.6%	2.2%
5. South American	0.5%	0.3%

*Market share is expressed in litres

Best Sellers

Canadian Wine: Category's share of total LCBO Market (litres): 10.1%
Category's share of total LCBO Wine Market (litres): 33.3%

Brand (Previous year's rank in brackets)	Market share of LCBO category	Change*
1. Jordan Spumante Bambino White (1)	3.9%	-5.3%
2. Brights Entre-Lacs White (5)	3.7%	20.5%
3. Brights House Wine White (2)	3.6%	-2.6%
4. Andres Hochtaler White (4)	3.4%	-0.7%
5. Brights Maria Christina White (3)	3.4%	-5.5%
6. Chateau Gai Alpenweiss (6)	2.7%	5.8%
7. Andres Domaine D'Or White (7)	2.6%	12.4%
8. Barnes L'Ambience White (22)	2.0%	81.8%
9. Andres Hochtaler Dry White (29)	1.6%	77.4%
10. Brights President Dry Champagne (8)	1.5%	-13.2%

*Percentage change is based on increase/decrease in litres sold over previous year.

Trends: The growth in popularity of premium domestic wines, especially those designated Vintners Quality Alliance, was a particularly positive development. The move to premium products moderated the sales decline in domestic wines. That decline, exacerbated by the implementation of the Free Trade Agreement and the GATT, will likely continue over the short term.

Best Sellers

Imported Wine: Category's share of total LCBO Market (litres): 20.3%
Category's share of total LCBO Wine Market (litres): 66.7%

Brand (Previous year's rank in brackets)	Market Share of LCBO Category	Change*
1. Le Piat D'Or (White) (1)	7.2%	17.8%
2. B & G Partager Blanc (2)	6.3%	6.1%
3. Kressman Selectionné (White) (3)	5.6%	-2.2%
4. B & G Cuvée Speciale Blanc (4)	4.2%	-15.4%
5. L'Epayrie Blanc de Blancs (5)	4.1%	23.3%
6. Le Piat D'Or (Red) (7)	1.7%	4.3%
7. Colli Albani (White) (6)	1.5%	-6.1%
8. B & G Partager Rouge (8)	1.3%	2.9%
9. Mouton-Cadet Blanc (17)	1.2%	28.6%
10. Mateus (Rosé) Sogrape (9)	1.2%	-1.6%

*Percentage change is based on increase/decrease in litres sold over previous year.

Trends: Consumption of imported wine will increase over the next five years, albeit at a lower rate than the 4.5% volume increase in 1990. The GATT and the Free Trade Agreement will have a positive effect on category sales. Changing demographics, such as the “middle-aging” of the Yuppie market, and the emergence of a new market segment, affluent seniors, will also spur sales of premium-priced imported wines.



Best Sellers

Canadian Beer: Category's share of total LCBO Market (litres): 18.0%
 Category's share of total LCBO Beer Market (litres): 45.4%

Brand (Previous year's rank in brackets)	Market share of LCBO category	Change*
1. Labatt Blue (1)	30.7%	-6.5%
2. Molson Canadian (3)	17.4%	11.7%
3. Molson Export (2)	16.5%	-0.7%
4. Carling O'Keefe Old Vienna (4)	5.9%	-9.6%
5. Labatt Blue Light (5)	4.8%	-5.6%
6. Molson's Coors Lite (7)	3.2%	2.0%
7. Carling O'Keefe Miller High Life (6)	2.5%	-23.5%
8. Labatt Fifty (10)	2.1%	-1.7%
9. Molson Light (8)	2.0%	-19.0%
10. Labatt Crystal (11)	1.7%	9.3%

*Percentage change is based on increase/decrease in litres sold over previous year.

Trends: Sales of domestic beer will increase over the next five years, but at a considerably slower rate than has occurred previously. The aging of baby boomers, and fewer 19 to 34-year olds, the major market for beer, will affect this market in the years ahead.

Note: Beer sold in LCBO stores only

Imported Beer: Category's share of total LCBO Market (litres): 21.6%
 Category's share of total LCBO Beer market (litres): 54.6%

Brand (Previous year's rank in brackets)	Market Share of LCBO Category	Change*
1. Old Milwaukee (1)	27.0%	129.9%
2. Heileman Lone Star (4)	19.3%	468.5%
3. Miller's Milwaukee Best (12)	14.8%	2838.3%
4. Old Milwaukee Light (16)	6.7%	1974.3%
5. Miller's Meistbrau (5)	6.3%	102.9%
6. Schlitz (20)	4.7%	1714.0%
7. Heineken (2)	4.3%	-7.2%
8. Corona Extra (3)	3.1%	-31.2%
9. Beck's (7)	1.3%	-2.0%
10. Michelob (9)	0.5%	-13.3%

*Percentage change is based on increase/decrease in litres sold over previous year.

Trends: Sales of American beer boosted total category sales more than 2.5 times in 1989-90. The outlook, however, is for a decline in consumption to occur in this product category.

Note: Beer sold in LCBO stores only

Best Sellers

Spirit Coolers: Category's share of total LCBO Market (litres): 3.5%
Category's share of total LCBO Cooler Market (litres): 70.6%

Brand (Previous year's rank in brackets)	Market Share of LCBO Category	Change*
1. Seagram's Wildberry Vodka (1)	31.1%	-34.1%
2. Seagram's Tequila (3)	9.0%	-10.0%
3. Seagram's Peach Vodka (2)	8.3%	-29.8%
4. Seagram's Berry Vodka (4)	7.8%	-12.8%
5. Bacardi Breezer Lime (8)	4.9%	76.9%
6. Bacardi Breezer Calypso Berry	3.8%	new

*Percentage change is based on increase/decrease in litres sold over previous year.

Wine Coolers: Category's share of total LCBO Market (litres): 1.5%
Category's share of total LCBO Cooler Market (litres): 29.4%

Brand (Previous year's rank in brackets)	Market Share of LCBO Category	Change*
1. Cartier Rockaberry (1)	25.3%	-35.6%
2. Cartier Canada (2)	14.9%	-17.9%
3. Cartier Barberrian	13.6%	new
4. Cartier Tropkiwi (4)	7.1%	-31.8%

*Percentage change is based on increase/decrease in litres sold over previous year.

Trends: Demand for wine and spirit coolers peaked in 1988 and 1989, respectively. Both markets are expected to decline over the next five years.



Sales By Breweries

To Other Provinces and Countries

(in litres)	1990 (000)	1989 (000)	1988 (000)	1987 (000)	1986 (000)
Sales to Other Provinces	5,070	6,371	2,812	3,031	17,619
Export Sales	140,525	139,538	123,363	119,175	140,811
	145,595	145,909	126,175	122,206	158,430

Three new micro breweries opened during the year as follows:

Name	Date Licenced
Niagara Falls Brewing Company 6863 Lundy's Lane, Niagara Falls, Ontario	July 19, 1989
Burlington Brewing Company 5109 Harvester Road, Burlington, Ontario	October 5, 1989
York Brewing Company Ltd. 7956 Torbram Road, Unit 1-3, Brampton, Ontario	February 15, 1990

Wineries and Winery Retail Stores

On March 31, 1990 there were in operation:

(a) 20 Wineries

- On April 3, 1989 Henry of Pelham Estate Wines, St. Catharines, Ontario, was granted an Ontario Wine Licence.
- On July 19, 1989 Kingsville Estate Winery, Kingsville, Ontario, was granted an Ontario Wine Licence.
- On December 31, 1989 Charal Winery Osterman Estates Inc., was sold to Mr. Gabriel Magnotta, President, Festa Juice North, Toronto, Ontario who is presently engaged with the Liquor Licence Board of Ontario in obtaining an Ontario Wine Licence.

(b) 243 Winery Retail Stores

(182 Conventional: 61 Mini Stores). There was a net increase of 23 winery retail stores during the year.

Sales By Wineries

To Other Provinces and Countries

(in litres)	1990 (000)	1989 (000)	1988 (000)	1987 (000)	1986 (000)
Sales to Other Provinces	3,019	2,746	6,341	4,650	5,376
Export Sales	521	118	141	127	173
	3,540	2,864	6,482	4,777	5,549

The tonnage of Ontario grapes and apples used by the various Ontario wineries over the past five years is as follows:

	1990	1989	1988	1987	1986
Grapes used in the manufacture of wine	22,838	24,372	33,242	30,970	33,850
Grapes used in the manufacture of concentrate	1,334	1,730	4,910	4,140	5,315
Apples used in the manufacture of cider	326	487	632	832	840
	24,498	26,589	38,784	35,942	40,005

The following quantities of wine (in gallons) were imported for blending in accordance with the conditions of the Wine Content Act 1976:

	1990	1989	1988	1987	1986
	1,415,417	820,306	859,871	561,432	855,961

Agency Stores

At March 31, 1990 there were 80 agency stores in operation.

LCBO Product Listings

Domestic	March 31, 1990	March 31, 1989
Canadian Whisky	183	161
Canadian Blended Rums	103	119
Canadian Gin	38	53
Canadian Vodka	75	77
Canadian Brandy	6	6
Canadian Blended Brandy	10	17
Canadian Spirit Coolers	28	41
Alcohol	6	6
Fruit Spirits	6	6
Miscellaneous Liquors	19	11
Canadian Liqueurs	94	137
Ontario Wines	562	632
Ontario Wine Coolers	21	60
Other Canadian Wines	7	1
Canadian Cider	5	11
Canadian Beer (including Beer Coolers)	248	271
Miniatures	14	33
Bitters	4	2

Imported	March 31, 1990	March 31, 1989
Whisky		
– <i>Scotch</i>	96	90
– <i>Irish</i>	10	5
– <i>Bourbon</i>	10	2
– <i>Tennessee</i>		4
– <i>Kentucky</i>		1
– <i>American</i>		
Gin	14	12
Rum	13	13
Vodka	24	23
Tequila	7	7
Brandy	91	73
Fruit Spirits	4	4
Miscellaneous Liquors	40	38
Liqueurs	76	68
Wines	922	904
Cider	1	1
Beer & Sake	55	47
Miniatures	12	20
Bitters	21	18
Total Regular Listings	2825	2974
Vintages Wines and Spirits	1152	738
Duty-Free Listings	111	92
Total Product Listings	4088	3804

Financial Results



Analysis of Income and Expenses 1989/90

Income	(\$000)	% of Total
Sales	1,994,246	90.4
Sales Tax	197,661	9.0
Fees & Other	12,729	0.6
Total	2,204,636	100.0
Expenditures		
Net Profit	683,439	31.0
Liquor, Wine & Beer	976,599	44.3
Retail Sales Tax	197,661	9.0
Retail Stores & Marketing	210,560	9.5
Freight	47,753	2.2
Administrative Costs *	38,161	1.7
Warehousing	26,679	1.2
Fixed Assets	23,784	1.1
Total	2,204,636	100.0

* Remuneration paid to LCBO Board Members in 1990 was \$101,986.50

Financial Overview

	1990 (\$000)	1989 (\$000)	1988 (\$000)	1987 (\$000)
Sales and Other Income	2,006,975	1,930,319	1,867,684	1,775,296
% increase/previous year	4.0	3.4	5.2	7.3
	(\$000)	(\$000)	(\$000)	(\$000)
Operating Expenses	299,184	263,680	245,662	222,026
% of expenses/sales	14.9	13.7	13.2	12.5
	(\$000)	(\$000)	(\$000)	(\$000)
Net Income	683,439	660,445	641,027	637,194
% of Income/sales	34.1	34.2	34.3	35.9
Self-serve Stores in Operation	609	607	585	558
Total Stores in Operation	623	626	623	617
Number of Permanent Employees	3,484	3,396	3,460	3,348
Number of Regular Products Listed	2,825	2,974	2,814	2,988

Spirits

Components of Whisky Pricing

	Imported	Canadian
Type	Johnnie Walker Red	Seagram 5 Star
Size	750 ml.	750 ml.
Mark-up	117.0%	110.0%
Current Selling (1)	\$20.20	\$17.75
Supplier Quote	3.5042	3.0317
Federal Excise 10.733/LAA	3.2199	3.2199
Federal Duty 0.077/LAA	0.0231	
F.S.T. 19%	1.2820	1.1878
Freight	0.1800	
Total Landed Cost	8.2092	7.4394
LCBO Mark-up/Ad Valorem	9.6048	8.1833
Flat Tax \$1.50/Litre	0.0000	0.0000
Levy \$0.18/750 ml	0.1800	0.1800
Environmental Tax (2)	0.0446	0.0446
ORST 12%	2.16	1.90
Summary of Revenue Distribution		
Supplier (Inc. Frt)	3.68	3.03
Federal	4.53	4.41
Ontario	11.99	10.31
Selling Price (1)	\$20.20	\$17.75
Ontario Contribution		
Over Total Landed Cost	146.0%	138.6%

1) Selling Price is rounded up to the nearest \$0.05
2) Environmental Tax is \$0.0446 per container

Wines

Components Of Wine Pricing

	Imported	Ontario
Type	Kressman White	Chateau Gai Alpenweiss
Size	1000 ml.	1000 ml.
Mark-up	66.0%	12.8%
Current Selling (1)	\$7.45	\$6.75
Supplier Quote	1.7333	2.7150
Federal Excise 0.4472/L	0.4472	0.4472
Federal Duty 0.0440/L	0.0440	
F.S.T. 19%	0.4227	0.6008
Freight	0.2717	
Total Landed Cost	2.9189	3.7630
LCBO Mark-up/Ad Valorem	1.9465	0.4817
Flat Tax \$1.50/Litre	1.50	1.50
Levy \$0.18/750 ml	0.24	0.24
Environmental Tax (2)	0.0446	0.0446
ORST 12%	0.80	0.72

Summary of Revenue Distribution

Supplier (inc. Frt)	2.01	2.72
Federal	0.91	1.05
Ontario	4.53	2.99
Deposit	0.00	0.00

Selling Price (1)	\$7.45	\$6.75
-------------------	--------	--------

Ontario Contribution		
Over Total Landed Cost	155.2%	79.4%

1) Selling Price is rounded up to the nearest \$0.05

2) Environmental Tax is \$0.0446 per container

Revenue Payments

Levies on beverage alcohol sold in the province during the year contributed an amount in excess of \$1.4 billion to the Treasurer of Ontario, and revenue paid to the Government of Canada was approximately \$770 million. These amounts do not include corporation, realty and business taxes paid by the distilleries, wineries, and breweries and licence holders. Ontario retail sales tax collected by the licence holders and agency stores on sales of beverage alcohol is as excluded from these figures.

A summary of these revenue payments is as follows:

Treasurer of Ontario	(\$000)	(\$000)
Remitted by the Liquor Control Board		
– on account of profits	640,000	
– Ontario retail sales tax on sales through liquor stores	197,661	
	837,661	
Remitted by the Liquor Licence Board		
– on account of licence fees and permits	427,407	
Remitted by others		
– Ontario retail sales tax on sales through Brewers' Retail Stores and retail wine stores	154,852	1,419,920
Receiver General For Canada		
Remitted by the Liquor Control Board		
– customs and excise duties	265,224	
– Federal sales tax on spirits, wines and imported beers	146,894	
	412,118	
Remitted by others		
– malt duties and taxes on domestic beers and wines	357,588	769,706
Ontario Municipalities		
Remitted by the Liquor Control Board		
– grants in lieu of realty and business taxes		5,592
		2,195,218

Financial Statements



Balance Sheet

Liquor Control Board of Ontario
Balance Sheet
as at March 31, 1990

Assets	1990	1989
	(\$000)	(\$000)
Current		
Cash	14,066	108
Accounts receivable, trade and others	3,661	2,290
Inventories, at cost	200,411	174,977
Prepaid expenses	1,614	2,025
	219,752	179,400

Liabilities and Retained Income

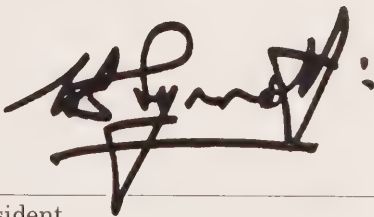
Current		
Accounts payable and accrued liabilities	98,024	101,111
Retained income	121,728	78,289
	219,752	179,400

See accompanying notes to financial statements.

Approved:



Chairman



Vice President,
Finance and Administration

Statement of Income and Retained Income

Liquor Control Board of Ontario Statement of Income and Retained Income year ended March 31, 1990

	1990 (\$000)	1989 (\$000)
Sales and other income	2,006,975	1,930,319
Costs and expenses		
Cost of sales	1,024,352	1,006,194
Retail stores and marketing	210,560	187,955
Administration	38,161	34,268
Warehousing and distribution	26,679	26,009
Fixed assets	23,784	15,448
	1,323,536	1,269,874
Net income for the year	683,439	660,445
Retained income, beginning of year	78,289	62,844
	761,728	723,289
Deduct payments to the Treasurer of Ontario on account of net income	640,000	645,000
Retained income, end of year	121,728	78,289

See accompanying notes to financial statements.

Notes to Financial Statements

Liquor Control Board of Ontario
Notes to Financial Statements
March 31, 1990

Significant Accounting Policy

The Board’s financial statements are prepared in accordance with generally accepted accounting principles except for fixed assets which are written off to operations at the time of acquisition.

Insurance

The Board follows the policy of self-insuring its store assets for property damage such as fire, water, vandalism or theft. All other material assets are insured by insurance companies.

Lease Commitments

The Board is committed under operating leases on leased premises with future minimum rental payments due as follows:

	(\$000)
1991	19,140
1992	16,296
1993	13,142
1994	10,053
1995	7,829
Thereafter	15,536
	<hr/>
	81,996
	<hr/>

Pension Plan

The Board provides pension benefits for its permanent employees through participation in the Public Service Pension Fund established by the Province of Ontario. The Board’s share of contributions to the Fund during the year was \$10,192,654 (1989-\$7,905,895). This amount includes current contributions and additional payments required to cover the Board’s share of the Fund’s estimated unfunded liabilities on January 1, 1990. These additional payments will continue over the next forty years.

Contingent Liability

Legal action has been taken against the Board by a major airline contesting the Board’s right to collect mark-up on any liquor which is imported into Ontario by the airline. The outcome of this action and the amounts involved are not determinable. Judgement, if any, against the Board will be accounted for as a prior period adjustment in the year the claim is resolved.

Auditor's Report

To the Liquor Control Board of Ontario and to the Minister of Consumer and Commercial Relations.

I have examined the balance sheet of the Liquor Control Board of Ontario as at March 31, 1990 and the statement of income and retained income for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Board as at March 31, 1990 and the results of its operations for the year then ended in accordance with the accounting policy described in note 1 to the financial statements applied on a basis consistent with that of the preceding year.

Toronto, Ontario
July 18, 1990

J.F. Otterman, F.C.A.,
Assistant Provincial Auditor.

Rapporte du vérificateur

**À la Régie des alcools de l'Ontario et
au ministre de la Consommation et du Commerce**

J'ai vérifié le bilan de la Régie des alcools de l'Ontario au 31 mars 1990, ainsi que l'état des recettes et des recettes non réparties pour l'exercice clos à cette date. Ma vérification a été effectuée conformément aux normes de vérification généralement reconnues et a comporté par conséquent les sondages et autres jugés nécessaires dans les circonstances.

À mon avis, les états financiers présentent fidèlement la situation financière de la Régie au 31 mars 1990 et le résultat de son exploitation pour l'exercice clos à cette date conformément à la convention comptable décrite à la note 1 afférente aux états financiers, appliquée de la même manière qu'au cours de l'exercice précédent.

Toronto (Ontario)
Le 18 juillet 1990

J.F. Otterman, F.C.A.

Le vérificateur provincial adjoint

Régie des alcools de l'Ontario

Notes afférentes aux états financiers de l'exercice clos le 31 mars 1990

Principale convention comptable

Les états financiers de la Régie sont préparés selon les conventions comptables généralement reconnues, sauf en ce qui concerne les immobilisations qui sont radiées des dépenses d'exploitation dès leur acquisition.

Assurances

La politique de la Régie est d'auto-assurer ses succursales contre les dommages à la propriété qui peuvent être causés par les incendies, l'eau, le vandalisme ou le vol. Tous les autres biens importants sont assurés auprès de compagnies d'assurances.

Engagements de location

La Régie s'est engagée par contrat de location-exploitation à louer des locaux dont les versements minimaux de loyer sont établis de la façon suivante :

	(milliers \$)
1991	19 140
1992	16 296
1993	13 142
1994	10 053
1995	7 829
Par la suite	15 536
	<u>81 996</u>

Régime de retraite

La Régie assure des prestations de retraite à ses employés permanents par sa participation à la Caisse de retraite des fonctionnaires mise sur pied par la province de l'Ontario. Les cotisations de la Régie à cette caisse au cours de l'exercice se sont élevées à 10 192 654 \$ (7 905 895 \$ en 1989). Cette somme représente les cotisations courantes et les versements additionnels requis pour acquitter la quote - part de la Régie au titre des dettes non provisionnées le 1^{er} janvier 1990. Ces versements additionnels seront requis au cours des 40 prochaines années.

Passif éventuel

Des poursuites judiciaires ont été intentées contre la RAO par un transporteur aérien important pour contester le droit de la Régie de percevoir des majorations de prix sur des boissons alcooliques importées en Ontario par le transporteur aérien. On ne peut prédire l'issue de cette action ni déterminer les montants en jeu. Un jugement contre la Régie, le cas échéant, sera comptabilisé comme un rajustement préalable durant l'exercice au cours duquel la réclamation sera réglée.

Régie des alcools de l'Ontario
État des recettes et des recettes non réparties
de l'exercice clos le 31 mars 1990

1990	(milliers \$)	1989	(milliers \$)
Ventes et autres recettes	2 006 975	1 930 319	
Frais et dépenses			
Prix coûtant des produits vendus	1 024 352	1 006 194	
Succursales de ventes au détail et marketing	210 560	187 955	
Administration	38 161	34 268	
Entreposage et distribution	26 679	26 009	
Immobilisations	23 784	15 448	
	1 323 536	1 269 874	
Recettes nettes de l'exercice	683 439	660 445	
Recettes non réparties à l'ouverture de l'exercice	78 289	62 844	
	761 728	723 289	
Moins les versements effectués au			
Trésorier de l'Ontario en acompte sur les recettes nettes	640 000	645 000	
Recettes non réparties, fin de l'exercice	121 728	78 289	

Voir les notes afférentes aux états financiers.

Régie des alcools de l'Ontario

Bilan
au 31 mars 1990

Actif	1990	(milliers \$)
Actif à court terme		
Encaisse	14 066	108
Comptes clients, clientèle commerciale et autres	3 661	2 290
Stocks, au prix coûtant	200 411	174 977
Frais payés d'avance	1 614	2 025
	219 752	179 400
Passif et recettes non réparties		
Passif à court terme		
Comptes fournisseurs et frais courus	98 024	101 111
Recettes non réparties	121 728	78 289
	219 752	179 400

Voir les notes afférentes aux états financiers

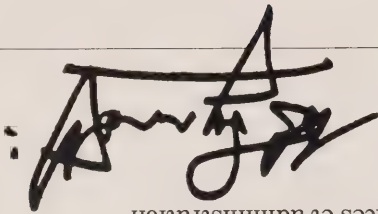
Approuvé par :

Le Président du conseil



Le Vice-Président

Finances et administration





États financiers

Versement des recettes

Les droits prélevés sur les boissons alcoolisées vendues en Ontario au cours de l'exercice représentaient un montant de 1,4 milliard de dollars, qui a été versé au trésorier de l'Ontario, tandis que la fraction des recettes versée au gouvernement du Canada s'est élevée à un peu plus de 770 millions de dollars. Ces montants ne comprennent pas l'impôt sur les sociétés, l'impôt foncier ni la taxe d'affaires payée par les distillateurs, les établissements vinicoles, les brasseries et les titulaires de permis. Le montant de la taxe de vente au détail de l'Ontario applicable à la vente des boissons alcoolisées recueilli par les titulaires de permis et les magasins-agences n'est pas non plus compris dans les chiffres présentés ci-dessous.

Le sommaire du versement des recettes est le suivant :

Trésorier de l'Ontario		(milliers \$)	(milliers \$)
Versé par la Régie des alcools de l'Ontario			
– en acompte sur le profit		640 000	
– taxe de vente au détail de l'Ontario		197 661	
provenant des succursales de la RAO			837 661
Versé par la Commission des permis			
de vente d'alcool de l'Ontario			
– en acompte sur les droits et			
permis payés par les titulaires		427 407	
Versé par d'autres			
– taxe de vente au détail de l'Ontario			
provenant des magasins Brewers' Retail			
et des boutiques des établissements vinicoles		154 852	
1 419 920			
Receveur général du Canada			
Versé par la Régie des alcools de l'Ontario			
– droits de douane et taxe d'accise		265 224	
– taxe de vente fédérale sur les spiritueux,		146 894	
le vin et la bière importés			412 118
Versé par d'autres			
– droits sur le malt et taxes		357 588	
sur la bière et le vin canadiens			769 706
Municipalités de l'Ontario			
Versé par la Régie des alcools de l'Ontario			
– subventions tenant lieu d'impôt			
foncier et de taxe d'affaires			5 592
2 195 218			

Établissement du prix du vin

1) Le prix de vente est arrondi au 0,05 \$ supérieur

2) La taxe d'environnement est de 0,0446 \$ par contenant

Spiritueux

Etablissement du prix du whisky

Type	Importé	canadien
Contenance	750 mL	750 mL
Marge bénéficiaire	117,0 %	110,0 %
Prix de vente (1)	20,20 \$	17,75 \$
Prix du fournisseur	3,5042	3,0317
Droits d'accise 10,733/Litre d'alcool absolu	3,2199	3,2199
Droits de douane 0,077/Litre LAA	0,0231	
Taxe de vente fédérale 19%	1,2820	1,1878
Fret	0,1800	
Coût dédouané	8,2092	7,4394
Marge RAO/ad valorem	9,6048	8,1833
Taxe uniforme 1,50 \$/le litre	0,0000	0,0000
Droits de la RAO 0,18 \$ - 750 mL	0,1800	0,1800
Taxe d'environnement (2)	0,0446	0,0446
TVDO (Taxe de vente au détail de l'Ontario) 12%	2,16	1,90
Le sommaire de la répartition		
Fournisseur (incluant le fret)	3,68	2,03
Fédéral	4,53	4,41
Ontario	11,99	10,31
Prix de vente (1)	20,20 \$	17,75 \$
Part de l'Ontario calculée sur le coût dédouané	146,0 %	138,6 %

1) Le prix de vente est arrondi au 0,05 \$ supérieur

2) La taxe d'environnement est de 0,0446 \$ par contenant

Analyse des recettes et des dépenses 1989-1990

Recettes		(milliers \$)	% du total
Ventes		1 994 246	90,4
Taxe de vente		197 661	9,0
Droits et autres		12 729	0,6
Total		2 204 636	100,0
Dépenses			
Profit net		683 439	31,0
Spiritueux, vin et bière		976 599	44,3
Taxe de vente au détail		197 661	9,0
Marketing et succursales de vente au détail		210 560	9,5
Transport		47 753	2,2
Frais d'administration *		38 161	1,7
Entreposage		26 679	1,2
Immobilisations		23 784	1,1
Total		2 204 636	100,0

* La rémunération totale versée aux administrateurs de la RAO en 1990 s'est élevée à 101,986,50 \$.

Situation Financière

1990	1989	1988	1987	(milliers \$)
Ventes et autres recettes				
2 006 975	1 930 319	1 867 684	1 775 296	(milliers \$)
Pourcentage d'augmentation par rapport à l'exercice précédent				
4,0	3,4	5,2	7,3	(milliers \$)
Dépenses d'exploitation				
299 184	263 680	245 662	222 026	(milliers \$)
Pourcentage des dépenses par rapport aux ventes				
14,9	13,7	13,2	12,5	(milliers \$)
Recettes nettes				
683 439	660 445	641 027	637 194	(milliers \$)
Pourcentage des recettes par rapport aux ventes				
34,1	34,2	34,3	35,9	(milliers \$)
Nombre de succursales libre-service				
609	607	585	558	(milliers \$)
Nombre total de succursales				
623	626	623	617	(milliers \$)
Nombre d'employés permanents				
3 484	3 396	3 460	3 348	(milliers \$)
Nombre de produits offerts régulièrement				
2 825	2 974	2 814	2 988	(milliers \$)

Résultats financiers



Au répertoire des produits de la RAO

Produits canadiens		Produits importés	
au 31 mars 1990		au 31 mars 1990	
au 31 mars 1989		au 31 mars 1989	
161	Whisky canadien	90	Whisky
119	Rhum canadien mélangé	96	— écossais
53	Gin canadien	10	— irlandais
77	Vodka canadienne	2	— Bourbon
6	Brandy canadien	4	— Tennessee
17	Brandy canadien mélangé	1	— Kentucky
41	Coolers à base d'eau-de-vie	1	— américain
6	Alcool	12	Gin
6	Eaux-de-vie de fruits	13	Rhum
6	Eaux-de-vie de fruits	24	Vodka
11	Spiritueux divers	7	Tequila
137	Liqueurs canadiennes	91	Brandy
632	Vin de l'Ontario	40	Eaux-de-vie de fruits
271	Coolers au vin de l'Ontario	76	Spiritueux divers
33	Autres vins canadiens	922	Liqueurs
2	Bitters	1	Vin
		18	Cidre
		20	Bière et Saké
		47	Bouteilles miniatures
		18	Bitters
		2825	Nombre de produits offerts régulièrement
		1152	Vins et spiritueux millésimés
		111	Produits hors taxe
		4088	Nombre total de produits offerts
		2974	
		738	
		92	
		3804	

Ventes des établissements vinicoles

Aux autres provinces et pays

(En milliers de litres)

1990	1989	1988	1987	1986
3 019	2 746	6 341	4 650	5 376
521	118	141	127	173
3 540	2 864	6 482	4 777	5 549

Ventes aux autres provinces

Ventes à l'exportation

Le tonnage du raisin et des pommes de l'Ontario utilisés par les différents établissements vinicoles ontariens au cours des cinq dernières années est le suivant :

1990	1989	1988	1987	1986
22 838	24 372	33 242	30 970	33 850
1 334	1 730	4 910	4 140	5 315
326	487	632	832	840
24 498	26 589	38 784	35 942	40 005

Raisin utilisé pour
fabriquer le vin

Raisin utilisé pour
fabriquer le concentré

Pommes utilisées pour
fabriquer le cidre

Les quantités suivantes de vin (en gallons) ont été importées pour réaliser les mélanges conformément aux dispositions de la Loi de 1976 sur le contenu du vin.

1990	1989	1988	1987	1986
1 415 417	820 306	859 871	561 432	855 961

Magasins-agences

Au 31 mars 1990, la Régie exploitait 80 magasins-agences.

Ventes des brasseries

Aux autres provinces et pays

(En milliers de litres)

1990	1989	1988	1987	1986
5 070	6 371	2 812	3 031	17 619
140 525	139 538	123 363	119 175	140 811
145 595	145 909	126 175	122 206	158 430

Trois nouvelles micro-brasseries ont ouvert leurs portes au cours de l'exercice, à savoir :

Le 19 juillet 1989	Niagara Falls Brewing Company 6863, allée Lundy, Niagara Falls (Ontario)
Le 5 octobre 1989	Burlington Brewing Company 5109, chemin Harvester, Burlington (Ontario)
Le 15 février 1990	York Brewing Company Ltd. 7956, chemin Torbram, unité 1-3 Brampton (Ontario)

Etablissements vinicoles et boutiques de ces établissements

Le 31 mars 1990, étaient exploités :

- (a) 20 établissements vinicoles
- Le 3 avril 1989, Henry of Pelham Estate Wines de St. Catharines (Ontario) a obtenu un permis de vente de vin de l'Ontario.
 - Le 19 juillet 1989, Kingsville Estate Winery de Kingsville (Ontario) a obtenu un permis de vente de vin de l'Ontario.
 - Le 31 décembre 1989, Charal Winery Osterman Estates Inc. a été vendue à Gabriel Magnotta, président de Festa Juice North, Toronto (Ontario) qui a présenté à la Commission des permis de vente d'alcool de l'Ontario une demande de permis de vente d'alcool.
- (b) 243 boutiques d'établissements vinicoles (182 ordinaires et 61 mini-boutiques), soit 23 boutiques de plus au cours de l'exercice.

Meilleurs vendeurs

Boisson aux spiritueux : Part du marché de la RAO (en litres) dans cette catégorie : 3,5 %
 Part du marché global des boissons aux spiritueux représentées par cette catégorie (en litres) à la RAO : 70,6 %

Marque (Année Précédente)	Part du marché de la RAO par catégorie de marques	Fluctuation *
Vodka Willderry Seagram's (1)	31,1%	-34,1%
Tequila Seagram's (3)	9,0%	-10,0%
Vodka aux pêches Seagram's (2)	8,3%	-29,8%
Vodka aux baies Seagram's (4)	7,8%	-12,8%
Bacardi Breezer Lime (8)	4,9%	76,9%
Bacardi Breezer aux baies de calypso	3,8%	nouveau

* Le pourcentage de la fluctuation des ventes en litres de l'année précédente.

Boisson au vin : Part du marché de la RAO (en litres) dans cette catégorie : 1,5 %
 Part du marché global des boissons au vin représentées par cette catégorie (en litres) à la RAO : 29,4 %

Part du marché de la RAO par catégorie de marques	Fluctuation *
Cartier Rockaberry (1)	25,3%
Cartier Canada (2)	14,9%
Cartier Barberran	13,6%
Cartier Tropikiwi (4)	7,1%
nouveau	-31,8%

* Le pourcentage de la fluctuation des ventes en litres de l'année précédente.
Tendances : Les boissons au vin et aux spiritueux sont devenues fort populaires en 1988 et en 1989. On s'attend à un déclin de ces deux marchés au cours des cinq prochaines années.



Meilleurs vendeurs

Bière canadienne : Part du marché de la RAO (en litres) dans cette catégorie : 18,0 %
Part du marché global de la bière (en litres) : 45,4 %

Marque (Année Précédente)	Part du marché de la RAO par catégorie de marques	Fluctuation *
1. Labatt Blue (1)	30,7%	-6,5%
2. Molson Canadian (3)	17,4%	11,7%
3. Molson Export (2)	16,5%	-0,7%
4. Carling O'Keefe Old Vienna (4)	5,9%	-9,6%
5. Labatt Blue légère (5)	4,8%	-5,6%
6. Molson's Coors légère (7)	3,2%	2,0%
7. Carling O'Keefe Miller High Life (6)	2,5%	-23,5%
8. Labatt 50 (10)	2,1%	-1,7%
9. Molson légère (8)	2,0%	-19,0%
10. Labatt Crystal (11)	1,7%	9,3%

* Le pourcentage de la fluctuation des ventes en litres de l'année précédente.

Tendances : Les ventes de bière canadienne augmenteront au cours des cinq prochaines années, mais à un rythme beaucoup plus bas qu'auparavant. Le vieillissement des «baby boomers» et le déclin de la population des 19 à 34 ans, les principaux consommateurs de bière, auront une influence sur ce marché au cours des années futures.

Note : Ventes de bière dans les succursales de la RAO seulement.

Bière importée : Part du marché de la RAO (en litres) dans cette catégorie : 21,6 %
Part du marché global de la bière (en litres) : 54,6 %

Marque (Année Précédente)	Part du marché de la RAO par catégorie de marques	Fluctuation *
1. Old Milwaukee (1)	27,0%	129,9%
2. Heileman Lone Star (4)	19,3%	468,5%
3. Miller's Milwaukee Best (12)	14,8%	2 838,3%
4. Old Milwaukee légère (16)	6,7%	1 974,3%
5. Miller's Meistbrau (5)	6,3%	102,9%
6. Schlitz (20)	4,7%	1 714,0%
7. Heineken (2)	4,3%	-7,2%
8. Corona Extra (3)	3,1%	-31,2%
9. Beck's (7)	1,3%	-2,0%
10. Michelob (9)	0,5%	-13,3%

* Le pourcentage de la fluctuation des ventes en litres de l'année précédente.

Tendances : La vente de la bière américaine a contribué à une augmentation de plus de deux fois et demi en 1989-1990 dans cette catégorie de produits. La perspective de la consommation dans cette catégorie est toutefois à la baisse.

Note : Ventes de bière dans les succursales de la RAO seulement.

Meilleur vendeurs

Vin importé : Part du marché de la RAO (en litres) dans cette catégorie : 20,3 %
 Part du marché global des vins importés (en litres) à la RAO : 66,7 %

Marque (Année Précédente)	Part du marché de la RAO par catégorie de marques	Fluctuation *
1. Le Piat d'or blanc (1)	7,2%	17,8%
2. Partager blanc B & G (2)	6,3%	6,1%
3. Kressman sélectionné blanc (3)	5,6%	-2,2%
4. Cuvee spéciale blanc B & G (4)	4,2%	-15,4%
5. L'Éparyrie Blanc de Blancs (5)	4,1%	23,3%
6. Le Piat d'or rouge (7)	1,7%	4,3%
7. Colli Albani blanc (6)	1,5%	-6,1%
8. Partager rouge B & G (8)	1,3%	2,9%
9. Mouton-Cadet blanc (17)	1,2%	28,6%
10. Mateus rosé Sogrape (9)	1,2%	-1,6%

* Le pourcentage de la fluctuation des ventes en litres de l'année précédente.

Tendances : La consommation du vin importé augmentera au cours des cinq prochaines années, bien que le taux d'augmentation sera inférieur à celui de 4,5 % enregistré en 1990. L'Accord général sur les tarifs et le commerce et l'Accord de libre-échange apporteront un élément positif aux ventes par catégorie. Les changements démographiques, tels le vieillissement de la population des « Yuppies » et l'émergence d'un potentiel nouveau apporté par les gens d'âge mûr contribueront à une poussée du marché des ventes de vin importé de choix.

Vin : Un coup d'oeil sur le marché

Rang et part du marché global du vin pour la RAO			1990	1989
* Part du marché en litres				
1. Européen	60,3%			59,7%
2. Canadien	33,3%			35,8%
3. Américain	3,3%			1,9%
4. Pays éloignés (Australie, Nouvelle-Zélande)	2,6%			2,2%
5. Américain du sud	0,5%			0,3%

Meilleurs vendeurs

Vin canadien : Part du marché de la RAO par catégorie (en litres) : 10,1 %
Part du marché global de la RAO pour le vin (en litres) : 33,3 %

Marque (Année Précédente)	Part du marché de la RAO par catégorie de marque	Fluctuation *
---------------------------	--	---------------

1. Spumante Bambino blanc Jordan (1)	3,9%	- 5,3%
2. Entre-Lacs blanc Brights (5)	3,7%	20,5%
3. Vin de table blanc Brights (2)	3,6%	-2,6%
4. Hochtaler blanc Andès (4)	3,4%	-0,7%
5. Maria Christina blanc Brights (3)	3,4%	-5,5%
6. Alpenweiss Château Gai (6)	2,7%	5,8%
7. Domaine d'or blanc Andès (7)	2,6%	12,4%
8. L'Ambiance blanc Barnes (22)	2,0%	81,8%
9. Hochtaler blanc sec Andès (29)	1,6%	77,4%
10. Champagne sec Président Brights (8)	1,5%	-13,2%

* Le pourcentage de l'augmentation ou de la diminution est calculé en fonction des ventes en litres au cours de l'année précédente.

Tendances : L'accroissement en popularité des vins canadiens de choix, particulièrement de ceux qui portent le cachet de la Vintners Quality Alliance (VQA) est un élément positif. L'émergence des produits de choix a modéré la diminution des ventes des vins canadiens. Cette diminution qui s'aggrave avec la mise en oeuvre de l'Accord de libre-échange et de l'Accord général sur les tarifs et le commerce aura tendance à se maintenir à court terme.

Meilleurs vendeurs

Spiritueux importés : Part du marché de la RAO (en litres) dans cette catégorie : 5,7 %
 Part du marché global des spiritueux représentés par cette catégorie (en litres) à la RAO : 22,9 %

Marque (Année Précédente)	Part du marché de la RAO par catégorie de marques	Fluctuation *
1. Irish Cream Bailey's Original (1)	5,3%	2,9%
2. Kahúa Coffee (2)	5,1%	3,7%
3. Johnnie Walker Red Label (3)	4,5%	4,7%
4. Gin Beefeater (4)	4,2%	-3,8%
5. Scotch J & B (6)	3,3%	7,8%
6. Vodka Absolut (11)	3,1%	66,3%
7. Scotch Ballantine's (5)	3,1%	-2,8%
8. Scotch Extra spécial RAO (7)	2,8%	8,5%
9. Tequila Sauza Silver (9)	2,5%	3,5%
10. Grand Marnier (8)	2,4%	-1,5%

* Pourcentage de la fluctuation des ventes en litres de l'année précédente.
 Tendances : On prévoit une légère diminution des ventes de spiritueux importés l'an prochain, et une amélioration du marché en 1991-1992 alors que l'économie devrait se raffermir. La tendance à la hausse des ventes des marques populaires dans le monde et des produits de choix devrait se maintenir.



Spiritueux : Un coup d'oeil sur le marché

De type canadien : 74,2 %
De type importé : 25,8 %

Classement et part de la RAO sur le marché global des spiritueux 1990 1989

1. Whisky canadien	37,2%*	37,7%
2. Rhum canadien	15,0%	14,6%
3. Vodka canadienne	12,8%	12,9%
4. Scotch importé	7,4%	7,3%
5. Liqueurs canadiennes	4,2%	5,1%
6. Liqueurs importées	4,1%	3,9%
7. Dry Gin canadien	3,6%	3,8%
8. Spiritueux divers	3,2%	2,9%
9. Brandy français	2,2%	2,1%
10. Vodka importée	2,0%	1,5%

* litres

Meilleurs vendeurs

Spiritueux canadiens : Part du marché de la RAO (en litres) dans cette catégorie : 19,3 %
Part du marché global des spiritueux représentée par cette catégorie (en litres) à la RAO : 77,1 %

Marque (Année Précédente) Part du marché de la RAO par catégorie Fluctuation *

1. Vodka Smirnoff (1)	7,8%	-3,1%
2. Rhum blanc Bacardi (2)	7,0%	1,1%
3. Canadian Club Walkers (3)	6,0%	-1,2%
4. Walkers Special Old (4)	4,4%	-0,9%
5. Crown Royal Seagram (5)	3,9%	-2,4%
6. Vodka Alberto Premium (8)	2,6%	2,7%
7. Five Star Seagram, 4 ans (6)	2,6%	-10,9%
8. Wisers Deluxe, 10 ans (7)	2,5%	-4,0%
9. Schenley Golden Wedding (10)	2,3%	-2,9%
10. Black Velvet Gilbey (9)	2,3%	-4,9%

* Le pourcentage de l'augmentation ou de la diminution est calculé en fonction des ventes en litres au cours de l'année précédente.

Tendances : On prévoit une augmentation des ventes de spiritueux canadiens, qui représentent la catégorie principale des produits à la RAO, mais de façon marginale seulement au cours des cinq prochaines années. La diminution que l'on connaît dans cette catégorie depuis 1981, ralentira sensiblement en 1991, en comparaison des deux années précédentes. L'augmentation des ventes suivra l'augmentation de la population des 35 ans et plus. Il est improbable toutefois qu'elles atteignent le volume des années préalables à 1990.

Pourcentages des ventes en dollars

1990	1986
Spiritueux canadiens	51,9%
Spiritueux importés	16,2%
Vin canadien	8,4%
Vin importé	17,0%
Bière canadienne	4,8%
Bière importée	0,9%
Boisson aux spiritueux	0,1%
Boisson au vin	0,7%
100%	

Pourcentages du marché en litres

1990	1986
Spiritueux canadiens	26,7%
Spiritueux importés	7,0%
Vin canadien	14,9%
Vin importé	24,2%
Bière canadienne	21,0%
Bière importée	4,3%
Boisson aux spiritueux	0,1%
Boisson au vin	1,8%
100%	

Consommation par habitant en Ontario

19 ans et plus

1990	1988	1985	
Spiritueux canadiens	5,9* (-10,0%)	7,1 (-2,4%)	8,0 (-4,3 %)
Spiritueux importés	1,8 (-3,1%)	1,9 (-1,3%)	1,9 (-2,2%)
Vin canadien	-3,1 (-14,0%)	4,0 (0,4%)	5,1 (-3,3%)
Vin importé	6,2 (-3,4%)	6,6 (-0,5%)	6,4 (8,0%)
Bière canadienne	5,5 (-8,6%)	6,3 (5,3%)	5,6 (0,8%)
Bière importée	6,6 (148,8%)	1,4 (61,2%)	1,9 (110,6%)
Boisson aux spiritueux	1,1 (-14,8%)	0,8 (240,9%)	—
Boisson au vin	0,5 (-40,3%)	1,0 (44,4%)	—

Les chiffres entre parenthèses proviennent de l'année précédente.

* Litres

Source : Opérations stratégiques et planification de la RAO.

** à cause d'un conflit dans les brasseries canadiennes.

Ventes

Pendant l'exercice clos le 31 mars 1990 le montant total des ventes de spiritueux, de vin et de bière s'est élevé à 1 994 246 000 \$.

De ce montant, 308 761 000 \$, soit 14,1 %, représentent le montant des ventes aux établissements autorisés. Le montant des ventes de vin ontarien vendu directement au client par les boutiques des établissements vinicoles s'est élevé à 49 701 000 \$. Le montant net des ventes de bière en Ontario réalisées par les brasseries et par les magasins Brewers' Retail, déduction faite du coût des contenants, s'est élevé à 1 711 028 000 \$.

Le tableau suivant illustre les différences au niveau des ventes pendant le dernier exercice comparativement au précédent.

Montant des ventes	Exercice clos le	Exercice clos le	
31 mars 1990	31 mars 1989	31 mars 1989	Augmentation (diminution)

Vente des succursales de la RAO	(milliers \$)	(milliers \$)	(milliers \$)
Spiritueux canadiens	937 362	941 012	(3 650)
Spiritueux importés	312 966	300 675	12 291
Vin canadien	150 080	161 712	(11 632)
Vin importé	385 041	367 652	17 389
Bière canadienne	102 652	108 027	(5 375)
Bière importée	106 145	43 443	62 702

Total des ventes des succursales de la RAO	1 994 246	1 922 521	71 725
Ventes des établissements vinicoles et de leurs boutiques de l'Ontario	49 701	49 141	560
Ventes des brasseries et des magasins Brewers' Retail (déduction faite du coût des contenants)	1 711 028	1 661 419	49 609

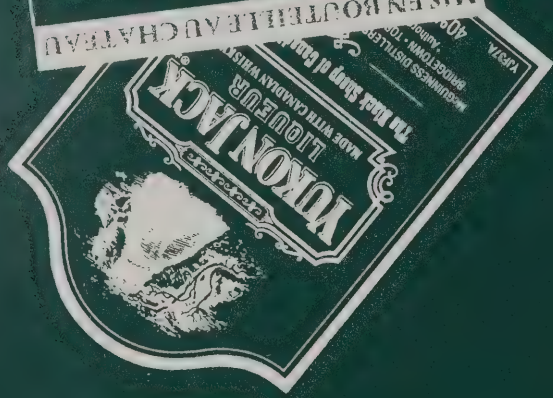
Exercice clos le	Exercice clos le		
31 mars 1990	31 mars 1989	Augmentation (diminution)	

Ventes des succursales de la RAO	(milliers)	(milliers)	(milliers)
Spiritueux canadiens	51 039	54 597	(3 558)
Spiritueux importés	12 827	12 630	197
Vin canadien	26 002	30 457	(4 455)
Vin importé	45 476	44 922	554
Bière canadienne	40 242	42 011	(1 769)
Bière importée	48 358	18 547	29 811

Ventes totales des succursales de la RAO	223 944	203 164	20 780
Ventes des établissements vinicoles et de leurs boutiques de l'Ontario	8 573	9 362	(789)

Ventes des brasseries et des magasins Brewers' Retail	741 224	776 001	(34 777)
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Conditions du marché



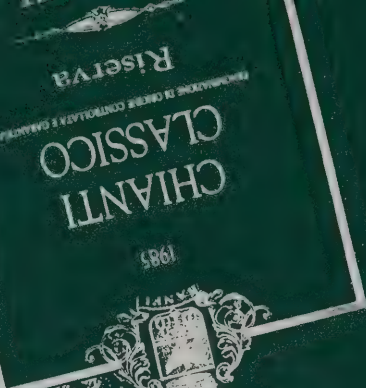
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La succursale de la RAO à Collingwood en
1927, année de fondation de la Régie.



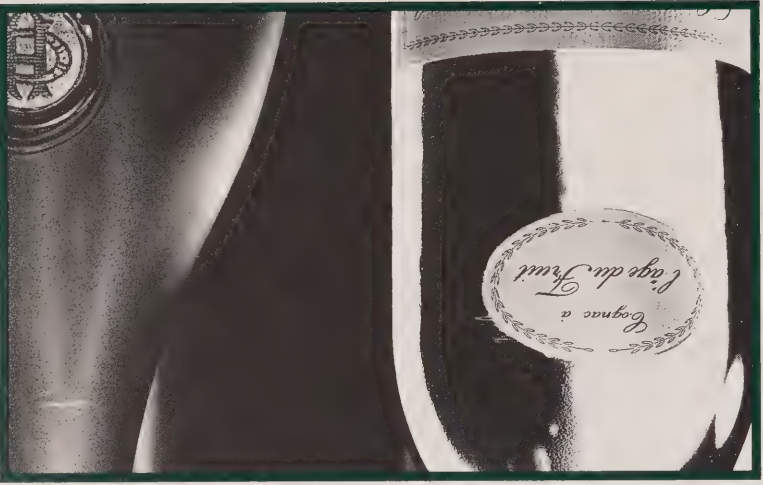
Service à la clientèle

Bien que la Régie ait pour but de fournir le meilleur service à sa clientèle en exploitant un commerce des plus rentables, elle s'est aussi engagée à atteindre cet objectif d'une manière responsable envers la société. Pour réaliser cet objectif, le Conseil d'administration a confirmé que l'exploitation d'un commerce rentable est conciliable avec un engagement social ferme.

De nombreuses initiatives illustrent cette année l'orientation de la Régie vers une organisation centrée sur la clientèle. Un plus grand nombre de succursales tiennent des dégustations pour permettre aux clients de goûter certains produits sélectionnés; des refroidisseurs pour bouteilles ont été installés dans d'autres succursales; Actualités RAO est passé de quatre à six numéros par année.

L'an prochain, nous prévoyons mettre encore plus l'accent sur le service à la clientèle. La RAO suit de près les tendances des consommateurs et les changements démographiques pour continuer à satisfaire sa clientèle et fournir des produits et services adaptés aux besoins des années 1990.

Le service de la RAO sera encore plus centré sur la clientèle au cours des années 1990.



La nouvelle technologie des points de vente

Depuis l'an dernier, un système

informatique facilite la gestion des succursales et ces dernières sont maintenant dotées de caisses

enregistreuseuses informatisées. La

nouvelle technologie des points de

vente (PDV) relie chaque

succursale à un ordinateur central

au siège social et permet de suivre

l'évolution du marché et les

tendances des consommateurs. Le

système passe les commandes

automatiquement, assurant aux

clients qu'ils trouveront les

produits qu'ils recherchent au

moment où ils en ont besoin.

Le service des études de marché a

recueilli des données qui ont servi

à alimenter le système PDV.

D'ailleurs, la croissance de ce

service est une indication du

niveau de perfectionnement de la

RAO. À titre d'exemple, le service

a mis sur pied une banque de

données sur les succursales qui

trace le profil démographique du

territoire desservi par une

succursale. Il a aussi interrogé

des groupes-cibles pour connaître

le genre de produits, de services et

de magasins que les clients

recherchent. Le service a enfin

évalué les programmes et les

promotions qui se déroulent dans

les succursales.

Toujours soucieuse d'améliorer le service à la clientèle, la Régie a désigné 115 succursales pour fournir des services en français. L'affichage, la documentation, «Actualités RAO» et le service Infoline reflètent tous le caractère bilingue de la Régie. De plus, la Coordinatrice des services en français au siège social s'est employée à accroître la capacité en langue française de la Régie.

Le centre de documentation à Crossroads renseigne le consommateur sur l'origine et les caractéristiques d'une foule de produits.



Une nouvelle technologie garantit aux clients qu'ils verront sur les rayons les produits qu'ils veulent, quand ils les veulent.

maintenant une image nette et uniforme. Les planchers, plafonds, murs et rayons servent à véhiculer l'information au consommateur. Certains étalages spéciaux ont été créés en collaboration avec des fournisseurs. La communication visuelle prendra de plus en plus d'importance à l'avenir car la Régie et les fournisseurs travaillent de concert pour améliorer davantage l'atmosphère qui règne dans les succursales. Au cours de l'exercice 1988-1989, la Régie a décidé de grouper tous les produits en cinq catégories, et l'entière responsabilité de la mise en marché de chaque catégorie a été confiée à un chef de catégorie

«pour que la mise en marché vise les bonnes personnes pour les bonnes raisons».

Ainsi, les clients verraient sur les rayons les produits qu'ils veulent, lorsqu'ils en veulent. Nous avons mis en place les derniers éléments du nouveau système au début de l'exercice. Chaque chef de catégorie a établi ses objectifs de vente et de profit et on leur a attribué des responsabilités comme celles de la vente en gros, la recherche et les systèmes informatiques.

Une autre preuve que la RAO adopte les pratiques du milieu des affaires a été la mise en oeuvre par le Comité du réseau des succursales d'une méthode tenant

Crossroads, la succursale la plus récente et la plus vaste, offre le plus grand choix de produits dans un cadre exceptionnel.



A Crossroads, les clients apprennent à marier vins et aliments grâce à un ordinateur interactif.



«Pour que la mise en marché vise les bonnes personnes pour les bonnes raisons»

La nouvelle stratégie fut le point de départ d'une nouvelle ère dans le domaine de la mise en marché,

et la réalisation la plus

spectaculaire est Crossroads, la

plus grande succursale de la RAO,

qui a ouvert ses portes à Toronto

au cours de l'exercice. Sa

superficie de 17,000 pieds carrés

est deux fois plus grande que la

succursale moyenne. Ses

nombreuses commodités rendent

le magasinage intéressant et

agréable. Certains y font des

expériences passionnantes : un

terminal d'ordinateur interactif

aide les clients à assortir vins et

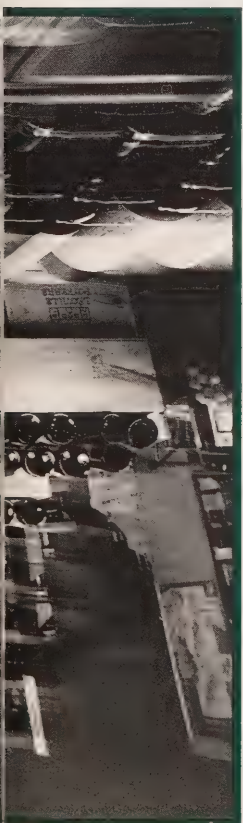
aliments; des conférences et des

démonstrations y ont lieu sur

l'utilisation des vins et eaux-de-vie

en cuisine; un personnel

expérimenté, en service à un comptoir spécial, prodigue ses conseils à la clientèle; les consommateurs ont accès à un centre de documentation qui les guide dans leurs achats, et ils y trouvent la gamme de produits la plus étendue en Ontario. La nouvelle présentation des succursales de la RAO et l'impression qu'elles dégagent sont les signes évidents d'une rupture profonde avec le passé. L'année dernière, le marketing visuel est devenu une partie intégrante de la stratégie de vente de la RAO. Le nouveau style invite les clients à faire leurs achats dans une ambiance de détente. Un affichage distinctif projette



6

Plus qu'un simple magasin d'alcool

Les dégustations sur place, comme celles qui sont offertes à la succursale de Queen's Quay à Toronto, aident les clients à faire des choix éclairés.



Au cours des 60 premières années, soit depuis sa création en 1927, la Régie des alcools de l'Ontario a été une entreprise centrée sur la distribution et qui contrôlait la vente des boissons alcooliques en Ontario. Ce n'est qu'accidentellement qu'on la considérait comme un détaillant soumis aux mêmes contraintes que tous les autres - les clients et les forces du marché - et ce fait était même souvent ignoré.

La RAO a rompu avec la tradition il y a deux ans. Son conseil d'administration a adopté l'objectif suivant : «La RAO, consciente de

ses responsabilités envers la société, fournira le meilleur service à sa clientèle tout en exploitant un commerce d'alcool des plus rentables». Au même moment, ses administrateurs approuvaient un plan stratégique dans lequel le service à la clientèle figurait au premier plan. Toutes nos ressources humaines et matérielles seraient mises au service de nos clients, là où nous les rencontrons. C'est ainsi que la RAO commençait à se transformer en une entreprise axée sur le marché.

L'an dernier, un grand pas a été franchi dans cette nouvelle voie. Que ce soit sur les rayons, sur le plancher ou au comptoir, toutes les initiatives de la Régie s'orientèrent vers le client.

Les traditions ont la vie dure, surtout dans les grandes entreprises établies depuis longtemps.

Le personnel au comptoir du service à la clientèle prodigue de judicieux conseils sur les produits et services de la RAO. Mary Kakarelis prépare ici un panier-cadeau.



Dans un marché stagnant, producteurs, importateurs et détaillants se sont livrés une chaude concurrence. Aussi, à une époque où les goûts des consommateurs changent rapidement, comment le détaillant peut-il s'assurer que les produits et services qu'il vient de lancer auront la faveur du public l'année suivante? Et dans un marché en mutation, comment un détaillant peut-il conserver la loyauté et la confiance de ses clients?

À cause de son engagement social de longue date, la Régie des alcools de l'Ontario ne tentera pas de freiner la tendance à la baisse. Elle peut toutefois mieux répondre à la demande actuelle en offrant aux consommateurs une combinaison de produits et de services qui accroîtrait leur niveau de satisfaction dans un cadre accueillant et dynamique. En 1989-1990, la RAO a pris des mesures pour réaliser cet objectif et il en sera question dans les pages qui suivent.

La RAO vise à offrir aux consommateurs une gamme des plus complètes de produits et de services dans des succursales attrayantes.



Un marché en mutation

La nouvelle décennie s'annonce à l'image de la précédente dans le marché des vins et spiritueux :

pour la neuvième année consécutive, les Canadiens d'un océan à l'autre ont consommé moins d'alcool d'année en année. L'an passé, le volume des ventes de boissons alcooliques par habitant avait baissé de huit pour cent dans l'ensemble du pays par rapport à 1979.

régime de vie plus sain. Cette tendance à la modération s'est accompagnée d'un déplacement lent et continu vers les boissons à plus faible teneur en alcool. Le consommateur est mieux renseigné et ses goûts ont évolué. Ainsi, la RAO a remarqué en 1989-1990 que les vins et spiritueux importés formaient deux des trois catégories de produits dont les ventes étaient la hausse par rapport à l'année précédente.

Le vieillissement de la population a aussi contribué à la baisse de la consommation, tout comme le ralentissement économique. Cependant, il faut se réjouir du fait que la baisse soit en grande partie attribuable aux programmes d'information du public sur la consommation raisonnée de l'alcool et les dangers de l'alcool au volant. L'an dernier, l'un des premiers objectifs de la RAO a été «Un service responsable au consommateur responsable».

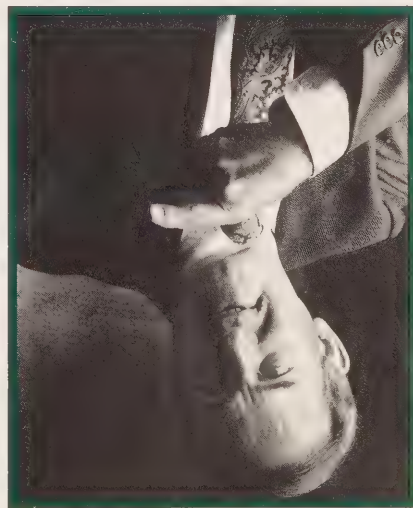


L'information compte pour beaucoup dans le programme du service à la clientèle. À la succursale Crossroads, Ed Feinstein, conseiller en vins, dirige un atelier sur les vins australiens.

Les vins et les spiritueux dans les années 1990



De la part du Vice-président général



toute amélioration s'intégrerait dans un ensemble formant une image nouvelle et dynamique. Du premier coup d'oeil à l'enseigne extérieure jusqu'au service courtois à la caisse, le client est assuré de faire ses achats dans un cadre agréable. Tout se fonde dans un ensemble harmonieux.

Les mesures prises l'an dernier

nous ont rapprochés de ce but. Le

Comité de planification et

d'aménagement des succursales et

le Service de la promotion et des

communications visuelles ont

changé le style des étalages, des

revêtements de sol, de l'éclairage

et des enseignes intérieures et

extérieures. L'uniformisation des

affiches dans les succursales et des

documents d'information aux

consommateurs ont créé une

identité visuelle nette et

distinctive. Près de 100

succursales revêtiront cette

nouvelle apparence d'ici un an.

Cependant, les changements ne

sont pas superficiels. Dans toute la

province, les consommateurs ont

pu profiter d'une nouvelle gamme

de services élaborés. À l'essai dans

plusieurs succursales depuis

quelques années, le comptoir du

service à la clientèle a été étendu à

d'autres succursales du réseau qui

L'harmonie est un facteur qui compte beaucoup dans le succès d'une vaste entreprise de vente au détail. En effet, toutes les composantes humaines et matérielles d'un commerce—du personnel aux étalages en passant par l'affichage, les revêtements de sol et l'éclairage—doivent former un tout cohérent qui véhicule une identité propre. L'harmonie dégage une certaine image qui crée une ambiance où le client se sent à l'aise et en confiance.

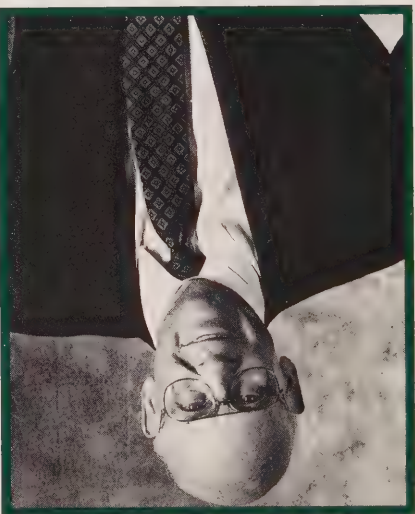
Jusqu'à tout récemment, les succursales de la RAO projetaient différentes images incompatibles, voire contradictoires. Un changement s'est amorcé il y a quelques années lorsque le Conseil d'administration a élaboré une stratégie qui donnait toute l'importance au client. À l'avenir,

en compte 623. Les permis de circonstance sont maintenant disponibles dans une certaine gamme de succursales et l'album «Mille et une idées», un livre populaire à Crossroads, se retrouve maintenant dans un plus grand nombre de succursales. Le consommateur est mieux informé : il trouve sur les rayons des fiches de recettes où figure l'accord des vins et des mets tandis que des conseillers en vins tiennent des ateliers sur les vins du monde entier. Enfin la compétence du personnel s'est accrue car un plus grand nombre d'employés ont complété le deuxième niveau du cours de connaissance des produits. Nous nous sommes fixés des objectifs élevés pour les années à venir. Je suis convaincu que les membres du personnel nous aideront à les atteindre. Leur collaboration antérieure nous assure de l'avenir.

Le Vice-président général,

Larry Gee

Rapport du président du conseil



Il y a deux ans, le Conseil d'administration a élaboré une stratégie selon laquelle la RAO, qui était jusque là un distributeur de boissons alcooliques, serait transformée en une entreprise moderne centrée sur la clientèle. Je suis heureux de signaler que, l'an passé, nous nous sommes grandement rapprochés de notre but.

À tous les échelons, les initiatives et les innovations étaient axées sur le service à la clientèle. Plusieurs réalisations ont mis en évidence la nouvelle vocation de la RAO : l'ouverture de Crossroads,

notre plus grande succursale; l'importance du service des communications visuelles dans l'aménagement des succursales; l'élargissement de services existants, tels les dégustations sur place, et la création de nouveaux moyens, comme l'ordinateur interactif, pour que les consommateurs soient mieux informés.

Une technologie nouvelle est aussi venue appuyer ces efforts. Nous avons commencé l'installation des nouveaux systèmes informatisés de point de vente et de gestion des stocks afin de maintenir les stocks de produits que désirent les consommateurs.

Bien que les stratégies adoptées par la RAO fussent nouvelles, les tactiques ne l'étaient pas. Dès qu'un plan de commercialisation était conçu, il faisais l'objet d'une évaluation pour s'assurer qu'il ne compromettait pas l'engagement social de la RAO. Dans les années à venir, notre philosophie continuera de se préciser mais notre détermination de servir nos clients d'une manière responsable restera inchangée.

Les ventes de l'exercice 1989-1990 se sont élevées à près de deux milliards de dollars, et les profits

versés au Trésorier de l'Ontario à 640 millions. Le montant des ventes et des profits a peu changé par rapport à celui de l'année précédente à cause de la stagnation du marché.

Les dépenses d'exploitation de l'an dernier ont atteint presque 15% des ventes, soit une augmentation pour une cinquième année

consécutive. Ce facteur, qui s'ajoute à la tendance à la baisse de la consommation, oblige la direction à examiner très attentivement les moyens à prendre pour demeurer financièrement responsable au cours des années à venir. Notre engagement envers la société et notre clientèle n'aura d'égal que

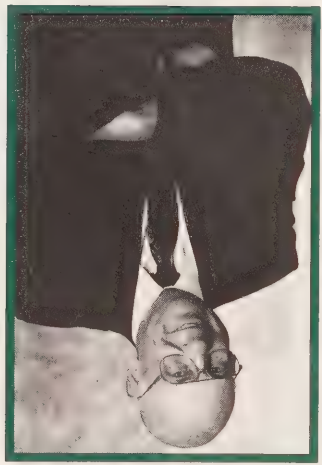
notre efficacité au niveau du contrôle des dépenses.

Je suis fier de nos réalisations de la dernière année et je remercie le vice-président général, la direction et le personnel de nous avoir aidés à atteindre nos objectifs. Je suis persuadé que leur dévouement et leur enthousiasme nous permettront de relever les défis qui nous attendent au cours de la nouvelle décennie.

Le Président du conseil

J.W. Ackroyd

J.W. Ackroyd



Jack Ackroyd
président



Dr. Katy Driver-
Radhakrishnan
professeure
de pédiatrie
à l'Université
de Toronto



Lanfranco Amato
Expert-conseil
en administration
des affaires



Richard Sharpe
chef de la
direction
de Sears
Canada Inc.



Steven Stavro
président de
Knob Hill
Farms Ltd.

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L'honorable Peter Kormos

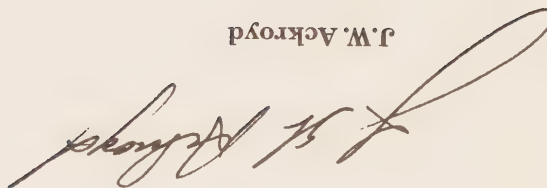
Ministre de la Consommation et du Commerce

Monsieur le Ministre,

J'ai l'honneur de soumettre à votre approbation le rapport annuel de 1989-1990 de la Régie des alcools de l'Ontario.

Veuillez agréer, Monsieur le Ministre, l'assurance de ma très haute considération.

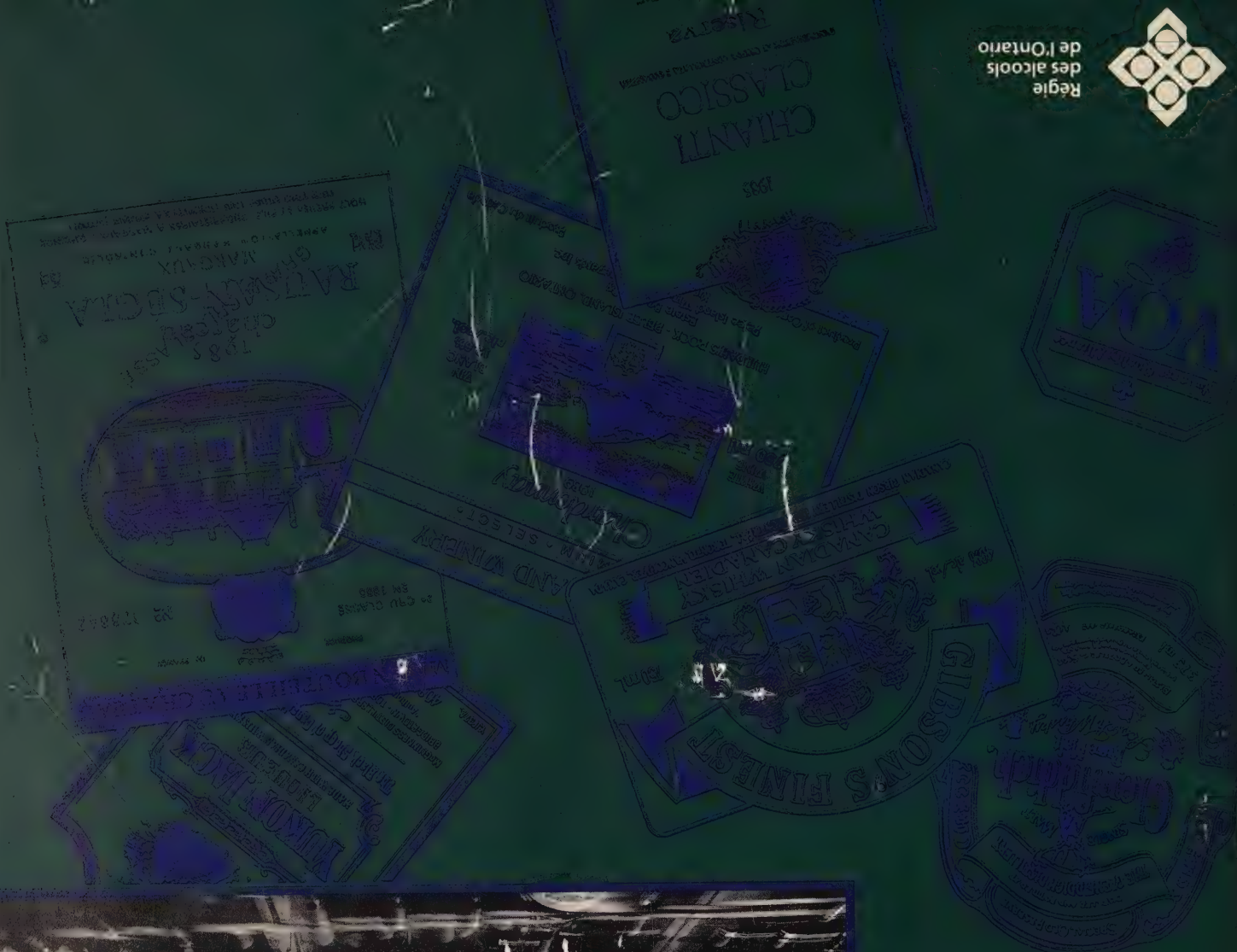
Le président,



J.W. Ackroyd



Régie
des alcools
de l'Ontario



RAO
Rapport annuel
1989-1990

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